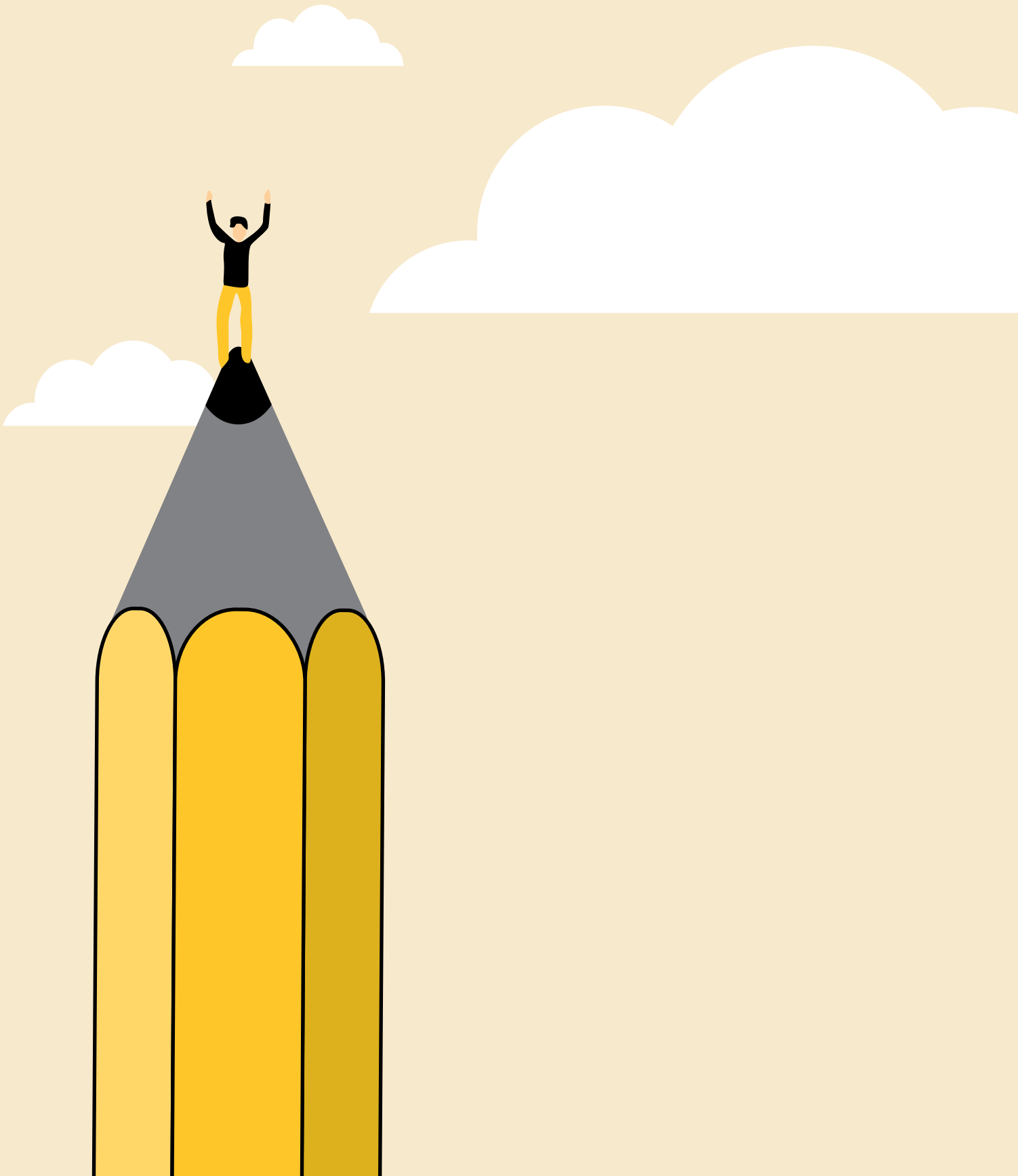




2023  
ANNUAL REPORT





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## PRESENTATION

### More than a half- century of experience

Adel, Turkey's leading stationery brand for over 50 years, has become a tradition in the industry. With its extensive experience and capabilities, Adel sets itself apart from the competition.





Adel's high production capacity and extensive product line allow it not only to respond to domestic demand but also to export the goods it makes to more than forty other national markets. Adel likewise exports some of its output to various countries under the Faber-Castell brand.

## ADEL IN BRIEF

**Having played an important role in the development of successive generations, Adel's vision, responsible production practices, innovation, and product portfolio all position it as a leader in the stationery industry's future.**

### **Turkey's premier stationery manufacturer**

A company whose name has been synonymous with stationery in Turkey for over half a century, Adel Kalemcilik Ticaret ve Sanayi AŞ (Adel) embarked upon its journey with the opening of its first factory in the İstanbul's Kartal township in 1969. Earning the trust of consumers with high-quality, reliable products, Adel today is the country's biggest and most modern stationery manufacturer and continues to grow strongly as a member of Anadolu Group.

Having collaborated with the world's oldest manufacturer of wood-cased pencils Faber-Castell since 1969, in 1995 the two companies strengthened their relationship through a partnership whose investments continue to create added value for Turkey.

Since 2015, Adel has been conducting its manufacturing operations at a 36,000 m<sup>2</sup> plant in Çayırova that is the industry's biggest not just in Turkey but also in the region. Adel's R&D Center, which became operational in 2019, enhances the company's product innovation and development capabilities, which in turn supports its production competencies.

A company with deep roots and much experience, Adel Kalemcilik today markets and sells a catalog of close to 3,000 items consisting not only of Faber-Castell, Graf von Faber-Castell, Adel, Atlas, Max, and Panfix brand stationery supplies manufactured in or imported into Turkey. The company is also a licensed manufacturer for some of the world's toy brands.

Readily responding to home market demand as a result of its high production capacity and diverse offerings, Adel also exports goods to more than forty countries. Some of the Faber-Castell branded products that it makes are likewise exported to a number of countries.

Adel is a prominent and effective representative of Turkey's stationery manufacturing industry in a number of national and international trade associations. The company has been a member of the European Pencil Manufacturer's Association (EPMA) and of the European Writing Instrument Manufacturer's Association (EWIMA) since 1999. It is the only Turkish company to be a member of both. Adel is a member of the TÜKİD trade association of domestic stationery manufacturers in its home market.





## Vision

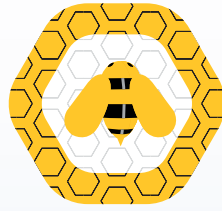
To be part of the life of everyone who wants to shape, colorful of their own dreams and leave a mark in future

## Mission

To be an international company that supplies high-quality, innovative products and services, is socially and environmentally responsible, and is ethical in its behavior.







**LEAVE A MARK**



**With Your Quality**  
**LEAVE A MARK**



**With Your Innovation**  
**LEAVE A MARK**



**With Your Goodness**  
**LEAVE A MARK**



**Your Passion To Succeed**  
**LEAVE A MARK**

## Values

### Quality

Effectiveness, Reliability, Performance

### Innovation

Forward-looking, Open to change and development, Technologically adept, Creative, Pioneering, Venturesome, Inquisitive

### Goodness

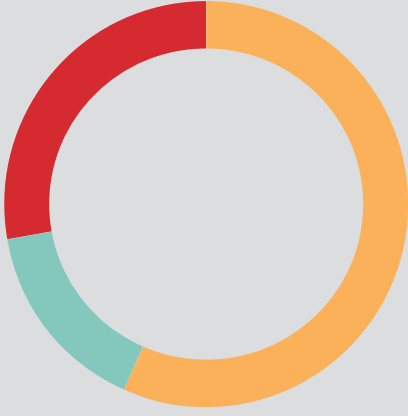
Sensitive, Thoughtful, Responsible, Fair, Promotes professional & personal development

### Success

Self-motivating, Competitive, Ever-improving, Results-focused, Collaborative, Knowledge-sharing, Initiative-taking, Accountable



## SHAREHOLDER STRUCTURE



- **56.89%** AG Anadolu Grubu Holding A.Ş.
- **15.40%** Faber-Castell AG
- **27.71%** Publicly-held shares

The company had a total capital of 23,625,000 Turkish liras as of 31 December 2023. This capital was divided into 23,625,000 shares, each with a par value of TL 1.00. Of these shares, 3,637,941 were registered in the name of their owners while the remaining 19,987,059 were bearer instruments. The registered shares are required by Turkish foreign-investment regulations.

The following table lists the personal or trade names of shareholders that own more than 10% of the company's capital, the number of shares they own, and the percentage of their ownership.

Shareholder	Share	Share ratio %
AG Anadolu Grubu Holding A.Ş.	13,439,211	56.89
Faber-Castell AG	3,637,941	15.40
Publicly-held shares	6,547,848	27.71



## ABOUT ANADOLU GROUP

Anadolu Group operates with the vision of being “The star that links Anatolia to the world and the world to Anatolia” and maintains its activities in 7 industries (beer, soft drink, retail, agriculture, automotive, stationery and energy) and in 20 countries with approximately 80 companies, 90 production facilities, 6 R&D centers and more than 100,000 employees. The Group, which was founded by Yazıcı and Özilhan families in 1950, is a driving force of Turkish economy with its financial assets, its strong production capacity and the projects it is involved with. It acts in accordance with its mission of being a multinational and entrepreneurial group through its partnerships with leading brands and companies of the world such as AB InBev, The Coca-Cola Company, Faber-Castell, Isuzu, Kia, Honda, Honda Marine, Kohler, Johns Hopkins Medicine.

Anadolu Group manages its environmental, social and corporate governance activities in the strategic areas “future” of Nature, Business and People, with the sustainability strategy “From Anadolu to the Future”. Within the context of its social responsibility, the Group is involved in several areas like agriculture, education, health, sports, culture, arts and tourism and also contributes to the society through its social organizations; Anadolu Foundation, Anadolu Medical Center and Anadolu Efes Sports Club.

Anadolu Group strives to produce value in sustainable manner and consistently achieves a rapid and healthy growth through its commitment to a culture of partnership with global brands and international companies, its expertise in branded consumer products, its experience and strength as regional player in a broad geography and its understanding of strong corporate governance.

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## ABOUT FABER-CASTELL

Faber-Castell is one of the world's leading companies for high-quality products for writing, drawing and creative design as well as decorative cosmetic products. With more than two billion pencils and colour pencils per year and around 6,500 employees, Faber-Castell is the world's leading manufacturer of wood-cased pencils. Nowadays the company is represented in over 120 countries and has its own production sites in 10 countries as well as sales companies in 22 countries.

Founded in 1761, Faber-Castell is one of the oldest industrial companies in the world and has been owned by the same family for nine generations.

The company owes its leading position on the international market to its traditional commitment to the very highest quality, environmental responsibility and the large number of product innovations.

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## DIRECT OR INDIRECT SUBSIDIARIES & SHAREHOLDING INTERESTS

The company controls stakes of 7.67% (historical cost: TL 3,833.36) in Ülkü Kırtasiye Ticaret ve Sanayi A.Ş. in Turkey and of 50% (RUB 211,500,000) in Moscow-headquartered LLC Faber-Castell Anadolu in the Russian Federation. Neither is currently operational.

## MILESTONES



**1969**

Adel Kartal factory opens



**1995**

Faber-Castell partnership agreement



**1996**

Adel Kalemcilik Ticaret ve Sanayi AŞ IPO



**1999**

Graf von Faber-Castell brand launched



**2013**

Adeland & Max brands launched



**2015**

Manufacturing operations relocated to new Çayırova factory



**2016**

Adel Goodness Tree CSR program initiated



**2018**

Adel brand & corporate identity relaunch



**2019**

Panfix brand launched

Adel R&D center becomes operational



**2020**

Regional authorized dealership system introduced



**2021**

1500Kelime.com online platform opens



**2022**

Amfori BSCI (Business Social Compliance Initiative) certification awarded



The image features four Adel Blackline pens standing vertically. From left to right, they are teal, purple, pink, and orange. Each pen has a black clip and the text 'ADEL' and 'BLACKLINE 0.7' printed on it. The pens are set against a light blue background with several sticky notes in yellow, blue, and orange. A yellow banner at the bottom left contains the year '2023' and a text box below it.

**2023**

Adel is included  
in UNICEF's list of  
globally-approved  
suppliers

## AWARDS & RECOGNITIONS

### 2018 Stevie Awards

- **2018 Adel Rebranding:** PR/Communications Campaign of the Year, Events & Ceremonies category, Bronze
- **2018 Adel Rebranding:** Best PR Event, Bronze
- **2018 Adel Rebranding:** PR/Communications Campaign of the Year, "Marketing & Consumer Goods category, Bronze

### 2022 Stevie MENA awards

- **1500Kelime.com platform**
  - o "Innovation in education & educational websites", Gold Stevie
  - o "Innovation in education & educational mobile apps", Gold Stevie



### 2022 PRIDA awards

- **1500Kelime.com Project**
  - o CSR Success award
  - o Corporate Communications & Reports Success award
  - o Socially-Beneficial Projects Success award
  - o UNICEF - Campaigns that Give Hope to Children PRIDA award

### 2018 Felis awards

- **Adel Brand & Corporate Identity relaunch**
  - o Public Relations category, Felis
  - o Best Brand Relaunch, Felis

### 2022 20<sup>th</sup> Altın Pusula PR awards

- **1500Kelime.com Project**
  - o "Digital Communication - Corporate Responsibility", Gold

## 2022 Brandverse awards

- **1500Kelime.com Project**
  - o “Quality Education”, Bronze

## 2022 Capital Magazine “Happy Place to Work”

- Turkey’s Happy Places to Work survey, “Office Supplies” sector, “Happy Place to Work” award

## 2023 26<sup>th</sup> Kalder Quality Circles Sharing Conference

- **Kaizen category, “+1 Fazlayız” Project Team, First place**

## 2022 Stevie International Business awards

- **1500Kelime.com Project**
  - o PR/Communications Campaign of the Year, “Corporate Responsibility” category, Bronze

## 2022 25<sup>th</sup> Kalder Quality Circles Sharing Conference

- Kaizen category, “Leave a Mark” Project Team, First place

## 2023 Capital Magazine “Happy Place to Work”

- Turkey’s Happy Places to Work survey, “Office Supplies” sector, “Happy Place to Work” award

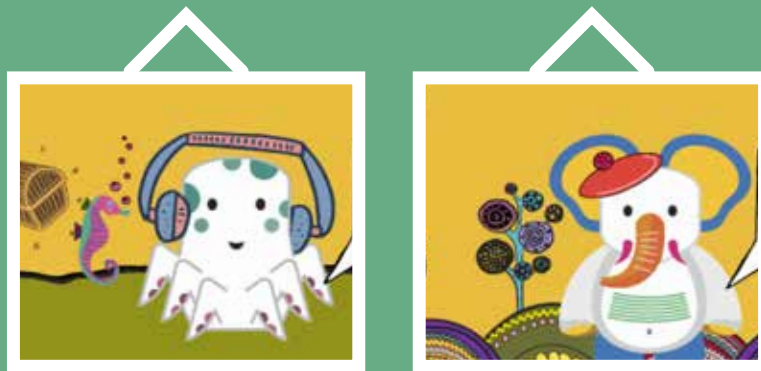


## FROM THE MANAGEMENT...

### Responsible production

Adel operates with the principle of “We will never sell anything that we wouldn’t let our own kids use.”





Making the best use of the growth opportunities presented by markets, Adel sets itself apart from its competitors by focusing on sustainability and product safety throughout the production cycle. This is done out of a sense of responsibility to the broad audience it serves.

## CHAIRMAN'S MESSAGE



### a successful year

Some of the successes that Adel achieved in 2023 qualify as milestones that will have an impact on its future as a company.

Monetary authorities' aggressive focus on curbing inflation through tight monetary policies and elevated interest rates took center stage in the global economy in 2023; inevitably this led to a deceleration of global growth. Geopolitical risks intensified in 2023, a year marked by intractable economic and political uncertainty. This instability was further exacerbated by diplomatic flare-ups and conflicts in various corners of the globe.

Despite such a challenging global backdrop, Turkey demonstrated resilience by maintaining its growth trajectory. Normalization efforts by the Turkish central bank in the

latter half of the year, including notable policy rate hikes, led to reduced country risk premiums and consequently to a gradual restoration of foreign investor interest.

2023 was a year that will be remembered for the great enthusiasm and pride with which our nation celebrated the 100th anniversary of the Republic of Turkey and we were reminded once again of the importance of republican virtues and values. Sadly it was also a year in which our country suffered the tremendous pain and losses of the disastrous earthquakes that struck our country's southeastern provinces on 6 February. We stood together

as a nation and confronted the challenges that faced us. Anadolu Group, for its part, marshalled all of its resources in the ensuing disaster relief and recovery efforts.

Over the past decade, Adel, one of the oldest subsidiaries of Anadolu Group and a brand synonymous with stationery in our country for 54 years, has undergone a remarkable transformation, marked by a significant cultural shift. Driven by its fundamental commitment to goodness, the company's achievements include opening Europe's—and indeed our local region's—most advanced stationery manufacturing center.

Going beyond modernizing its business practices and production processes however, Adel has evolved into more than a manufacturer of stationery and of office and school supplies. The company now designs, builds, and patents its own production machinery and is also developing, producing, and supplying a diverse array of goods across a range of brands and product categories directly to consumers. It's no accident that nine out of ten consumers in our country use at least one of the products in Adel's portfolio.

Some of the successes that Adel achieved in 2023 qualify as milestones that will have an impact on its future as a company. Adel's inclusion in UNICEF's list of approved global suppliers last year creates significant opportunities to expand into international markets. By participating in international trade shows for example, we've expanded our global partnerships and even made our first entry into the North American market.

Strong operational performance coupled with effective cost management and pricing strategies enabled us to generate positive free cash flow and achieve successful financial results last year.

Adel fosters a strong in-house culture of innovation, continuously strengthening its R&D muscle. The company's commitment to innovation consistently earns it recognition on "Bi-Fikir", Anadolu Group's innovation program. For the last nine years, Adel has dominated the Bi-Fikir awards. The company's commitment to innovation repeatedly earns it recognition as the Anadolu Group member with the most approved new practices and the most innovative employees.

Adel believes in working to educate and empower new generations while actively contributing to environmental and social well-being for the sake of a more sustainable future. Its publication of its first sustainability report in early 2024 was another demonstration of its commitment to transparently communicating the impact of its sustainability efforts to stakeholders.

Adel is committed to putting product safety first. The company adheres to responsible manufacturing approaches and places product safety at the core of its production processes. Adel operates with the principle of "We will never sell anything that we wouldn't let our own kids use." Focused on the future,

Adel continually improves its production processes while prioritizing people. This commitment to high-standard working conditions is formally recognized by the company's Business Social Compliance Initiative (BSCI) certification, a system promoting social compliance in supply chains. As an employer committed to fairness, equitability, inclusivity, and employee development, we are fully confident that our talented team will carry us on to even greater achievements as we build a more sustainable future together.

In closing, I take this opportunity to extend my thanks to our employees for efforts that made our successful results possible and to all our other stakeholders for their generous support.

**Tuncay Özilhan**  
Chairman

## GROUP PRESIDENT'S MESSAGE



### strong financial results

Adel's successful operations, effective cost management, and strategic pricing led to strong financial results and to a significant increase in EBITDA.

The recent pandemic cast a long shadow, impacting education globally and reducing stationery and school supplies demand for three years. This, coupled with the political and economic complexities of 2023, created a challenging landscape last year. Despite this, Adel successfully completed another financial year thanks to collective dedication and teamwork in reaching the company's shared goals.

The Turkish economy demonstrated remarkable resilience in 2023. Even while contending with the devastating impact of a major natural disaster, it remained on

course, ultimately achieving a 4.5% growth rate for the year. That growth was nourished primarily by increased domestic consumption as demand shifted forward in anticipation of persistent high inflation. As a result of continued adherence to economic unorthodoxy, the Turkish economy experienced significant market volatility during the first half of the year. A change in economic leadership and a shift to more conventional anti-inflationary policy, coupled with a series of gradual central bank policy rate hikes, eased market uncertainties to some extent and allowed for a more

positive 2024 outlook. As the shift from FX assets to TL picked up pace, their burden on the economy lessened and there was a correspondingly rapid improvement in Turkey's credit risk premium.

Trade shows generated strong traditional-channel orders in line with expectations last year, while increased momentum in modern channels significantly boosted Adel's overall sales performance. Adel's successful operations, effective cost management, and strategic pricing led to strong financial results and to a significant increase in EBITDA.

Last year Adel was witness to two developments with the potential to expand its international presence and significantly boost sales. Our company's inclusion in UNICEF's list of approved global suppliers burnishes its market reputation and opens up new horizons, while our entry into the North American market represents an important step forward into the future.

Our commitment to sustainability is rooted in our company's culture and values. We prioritize responsible production practices and continuously expand our environmental and social initiatives across our entire value chain, working to create a better future for the next generation. In line with that commitment, we develop and carry out projects whose aim is to help deal with such critical issues as supporting quality education, child development, and social gender equality and combating climate change.

As I pen these words, I should also note that our company recently published its first sustainability report, sharing with stakeholders what it did in 2022 to ensure its long-term sustainability and success as a business. This report, prepared in line with updated GRI Sustainability Reporting Standards, outlines Adel's environmental, social, and corporate governance (ESG) approaches. It also details the company's impact and contributions in relation to UN Sustainable Development Goals.

Looking forward, our marketing and competitive strategies for the upcoming period have been shaped by a thorough analysis both of global and national financial and political risks and of changes in consumer purchasing power. As with all Anadolu Group companies, our priorities at Adel will continue to be maintaining close ties with consumers, operational efficiency, cost management, net cash flow, and effective

and disciplined financial management. We're also devoting increasingly more attention to two critical areas that will shape our future: digital transformation and sustainability.

I close by saying how deeply grateful I am to all our stakeholders for their own contributions toward our efforts to create a better future.

**Demir Şarman**  
**Agriculture, Energy & Industry**  
**Group President**

## CEO'S MESSAGE



### sound strategies

In 2023, we steadfastly executed sound strategies, maintaining a financial approach focused on operational profitability and positive cash flow.

#### We achieved all the strategic and commercial objectives we planned for the year.

Despite having to contend with high inflation and its contingent challenges in the conduct of its operations in 2023, Adel maintained the strong growth momentum it established early in the year and largely achieved the objectives it had set for itself.

Our company's successful results last year were achieved thanks to market dominance, business experience, and sound financial management. We steadfastly executed sound strategies, maintaining a financial approach focused on operational profitability and positive cash flow.

Confronted by the unremitting challenges of rising costs and diminished purchasing power caused by spiraling inflation, we adhered to a tripartite action plan of (1) adjusting pricing strategies to remain consumer-focused, (2) exploring alternative sales channels, and (3) proactively shaping our product portfolio through the effective

deployment of our production capabilities.

Our 2023 financial results demonstrate the benefits of our continued commitment to performance improvement. Net sales were up by 35% year-on and amounted to TL 2,262 million while gross profit increased 250% and weighed in at TL 1,056 million. Our gross profit margin was 57%, up 22 percentage points, and our EBITDA margin, up 14 percentage points, reached 22%. This was made possible by effective balance sheet management and by improvements in gross profit margin and EBITDA performance that significantly reduced our financing costs. In line with these, our net loss, which was TL 19 million in the previous year, turned into a net profit of TL 436 million. The outcome of all these developments has been a significant improvement in our company's financial health: our Net Debt/EBITDA ratio, which was 3.1 at end-2022, was down to 0.4 at end-2023, only marginally above zero.

#### We continue to stand by the victims of last year's earthquakes.

In the aftermath of the appallingly disastrous 2023 earthquakes, we also took part in the Anadolu Group's coordinated relief efforts to come to the aid of disaster victims and ease the region's recovery. These efforts are continuing as I write these lines.

These and other recent events have further strengthened our commitment to social solidarity. We are channeling our efforts into projects that benefit children in general and also our business partners.

In 2023, we partnered with NGOs involved in relief efforts in earthquake-stricken areas, donating school books and school supplies that were given out to 30,000 children in need of them.

While marketing and sales activities were rescheduled to later dates in earthquake-affected areas, meetings with our stationery dealers



and retailers continued to be organized during the first six months in Elazığ, Diyarbakır, Gaziantep, and Adana.

During the rest of the year, we maintained a presence in the region and continued our efforts to support children, our retailers, and people in general.

**Our recognition as a UNICEF-approved global supplier is an important opportunity.**

Last year we were included in UNICEF's global supplier network, partnering us with the world's most prestigious children's-aid NGO. This inclusion not only burnishes our reputation as a leading manufacturer of stationery and school supplies but also opens doors to exciting opportunities for future growth.

In 2022, UNICEF handed out more than USD 134 million worth of its educational kits to schoolchildren all over the world. That is but one metric of the potential inherent in our working with this global charity. We believe we can tap that potential firstly to drive significant growth in our sales over the next two years and secondly to leverage it into other collaborations in the international arena. We have received our first UNICEF orders and are marshalling all our resources to fulfill them.

**Our exports are also gaining momentum.**

Adel is exploring ways to further develop and expand its export sales through new international collaborations.

We're taking steps for example to grow our operations in North American markets, which by themselves account for 21% of global stationery and school supply imports. Last year for the first time we were in Las Vegas attending ASD Market Week, one of the world's biggest

B2B wholesale trade shows showcasing a wide range of consumer merchandise.

In the period ahead we plan to look into business opportunities in Egypt, Azerbaijan, and the Turkic republics. We're also ramping up efforts to further grow our exports over the next two years.

**We can make the future better if we all work together.**

Through our Goodness Tree social responsibility program, we continue to undertake socially-beneficial projects, especially those that contribute to the realization of two United Nations 2030 Sustainable Development Goals: Quality Education (SDG 4) and Climate Action (SDG 13). We are keeping a close watch on the positive impact that such projects are having and remain committed to supporting even more undertakings of this nature as we move forward.

We believe that social responsibility is a core and unchanging element of our management approach and we have internalized it throughout our company. We also want to extend that awareness to every supplier and customer in our value chain and throughout society as a whole. The fact that our social responsibility management system has been certified as effective by Amfori BSCI bears witness to the success of our efforts.

We are likewise committed to global efforts to accelerate the transition to a carbon-neutral economy and are working to reduce our own CO<sub>2</sub> emissions.

We were delighted to publish our 2022 Sustainability Report at the beginning of 2024 because it gave us the opportunity to share our environmental, social, governance, and performance results with our stakeholders.

**We are as committed as ever to achieving healthy and profitable growth.**

Our traditionally strong communication with dealers and retailers, facilitated by industry-leading sales and marketing events, is a key driver of our ecosystem's growth and helps us to achieve our goals. Our success in this confirms the correctness of our business model.

We are committed to continuous growth and improvement. We are investing in new technologies and expanding our product portfolio to meet the needs of our customers. We are also building relationships with local and international partners to strengthen our global reach. We are committed to transforming Adel from a traditional stationery manufacturer into a cutting-edge education and art technology company. We are expanding our product portfolio to meet the needs of our customers and the demands of changing times. We are also building partnerships with leading technology companies in Europe and the Far East.

Finally, we are likewise committed to sustainable growth. We have a robustly solid financial base and a disciplined approach to risk management. This allows us to weather economic downturns and to continue to grow. In 2024, we expect to maintain our sales and financial performance and register successful financial results.

In closing, I take this opportunity to thank our employees, business partners, shareholders, and investors as well as all our other stakeholders for the contributions they have made to our successful performance.

**Oğuz UÇANLAR**  
CEO

## BOARD OF DIRECTORS



**Tuncay Özilhan**  
Chairman

Tuncay Özilhan was born in Kayseri. He studied in Saint-Joseph High School, then graduated from the Faculty of Economics of İstanbul University. He received his MBA degree from Long Island University in the United States. He started his career in 1977 as General Director of Erciyas Brewery and has undertaken responsibilities such as Coordinator of the Beer Group and General Coordinator of Anadolu Group. Tuncay Özilhan acted as the CEO of Anadolu Group from 1984 to February 2017. He is the Chairman of Anadolu Group since May 2007. He has also been serving as Chairman of Anadolu Foundation as well as various Group companies.

Tuncay Özilhan served as the Chairman of TÜSİAD (Turkish Industry & Business Association) between 2001 to 2003, as the Chairman of its High Advisory Council between 2015-2023 and became its Honorary President in 2024. His other responsibilities include; Member of The Board at the Foreign Economic Relations Board (DEİK), Honorary Consul for the Republic of Estonia and President of Anadolu Efes Sports Club. He also served as Chairman of the Turkish – Russian Business Council at DEİK. Tuncay Özilhan holds a Ministerial Medal given by the Ministry Foreign Affairs of the Republic of Estonia, a Service Medal given by the Republic of Kazakhstan and “The Order of the Rising Sun, Gold and Silver Star”, constituting one of the most important orders awarded by the Japanese government.



**Kamil Süleyman Yazıcı**  
Vice Chairman

Kamil Yazıcı graduated from New York Military Academy as lieutenant captain (96'), holds a BA degree from Emory University's Goizueta Business School (00'), an MBA degree from American Institute of Business and Economics (05') and has completed the GMP program at the Harvard Business School (17'). Yazıcı started his career in Anadolu Group in year 2000 and after completing the orientation program at the holding, continued his career in Anadolu Efes' Russian beer operations, where he assumed the roles of Supply Chain Director and Business Development Director between 2008-2011. In 2011, Yazıcı was appointed as General Manager of Efes Vitanta in Moldova and resumed this role until 2014. In 2014, he was appointed as Market Development Director and held this position until 2017. Since 2017, Yazıcı has been serving as Board Member and Vice-Chairman on Anadolu Group holding and subsidiary boards. In addition, Yazıcı serves as Board Member for TALK (Türkiye-U.S. Business Council), TOGG (Turkish National Auto Initiative), HBS Alumnus (Harvard Business School's Alumni Board) and KYYDAS (the Kamil Yazıcı Family Trust).



**Tuğban İzzet Aksoy**  
Board Member

Tuğban İzzet Aksoy graduated from the Management and International Finance Department of the University of Oglethorpe in the USA, following his education at the Austrian High School. He began his professional career as an Assistant Expert in the Financial Affairs Directorate at Anadolu Endüstri Holding, in 1996. In December 1998 he was appointed as a Senior Broker at the Alternatifbank Treasury Department. Following five years in this role, Aksoy took on the role of Corporate Finance and Risk Manager at the Treasury and Risk Management Department of Anadolu Endüstri Holding A.Ş. in June 2003. In April 2008, he became Assistant Coordinator at Business Development Directorate, and between 2009-April 2019, he worked as Anadolu Group Energy Sector Coordinator. He continues to serve as Board Member in various Anadolu Group companies. Aksoy, who has participated in professional training and seminars in his field, is member of energy groups of TÜSIAD and TOBB. He is also the executive board member of the Turkish Jockey Club. Aksoy has been serving as an honorary consul of Georgia since 2016 and also holds Georgian Government Medal of Honor.



**Efe Yazıcı**  
Board Member

Efe Yazıcı received his undergraduate degree in Management from George Washington University in 1999 and his MBA from Sabancı University in 2003. He worked as Assistant Fund Manager in Merrill-Lynch between 1997-1999 and joined Anadolu Group in 1999. During 1999-2002 period, he assumed various positions in Abank, Anadolu Endüstri Holding, TurkeCom, Anadolu Efes and Efes Moscow. Efe Yazıcı worked in Anadolu Isuzu Otomotiv Sanayi ve Ticaret A.Ş. during 2003-2014, overtaking positions of Export Specialist, Export Executive, Marketing Executive, Marketing Manager, Sales Manager and Exports Manager in order. Efe Yazıcı has been working as the General Manager of Antgıda A.Ş. since 2015; he serves as the board member of Billurtuz A.Ş. and in various Anadolu Group companies.

## BOARD OF DIRECTORS



**Mehmet Hurşit Zorlu**  
Board Member

Hurşit Zorlu holds a BCs degree in Economics from Istanbul University. Prior to joining Anadolu Group as a Marketing Specialist at the Efes Beverage Group in 1984, he held various positions in Toz Metal and Turkish Airlines. During his career at Efes Beverage Group, he held various positions including Assistant Marketing Manager, Assistant Project Development Manager, Project Development Manager and Business Development & Investor Relations Director respectively. Zorlu held the position of Chief Financial Officer (CFO) at Efes Beverage Group between 2000-2008 and the position of CFO at Anadolu Group between 2008- 2013. In January 2013, Zorlu was appointed as Deputy CEO and as of February 2017 he was appointed as CEO of Anadolu Group. Hurşit Zorlu, a Board Member of various Anadolu Group companies, is also the Chairman of the Sustainability Committee of the Group and leads the works within the scope of sustainability strategy, "From Anadolu to the Future". Zorlu is a board member of DEİK Outbound Investment Business Council, High Advisory Council Member of the Turkish Investor Relations Society (TÜYİD) and served as the 8th term Chairman of the Corporate Governance Association of Türkiye (TKYD) between 2015-2017.



**Dr. Yılmaz Argüden**  
Board Member

Dr. Yılmaz Argüden is a leading strategist, advisor, and board member of major public and private institutions, and NGOs. He is the Founder and Chairman of ARGE Consulting, a globally recognized management consulting firm based in Istanbul. ARGE Consulting has served as the B20 Knowledge Partner (Governance & Sustainability), as EFQM Certified Advisory Organization, and International Integrated Reporting Council's Licensed Training Partner. ARGE Consulting is the first Turkish signatory of the UN Global Compact and has been recognized at the European Parliament as one of the best three companies "Shaping the Future" with its commitment to corporate social responsibility. He is also the Chairman of Rothschild & Co. investment bank in Türkiye and served on the boards of more than 70 companies in different jurisdictions. He is an author of numerous books and a columnist focusing on business, strategy, and governance issues. He has served as an adjunct Professor of Business Strategy at the Bogazici University, Koç University, and the Military Academy. He is a renowned governance expert who served as the Chairman of the Governance Committee of the Business at OECD and as a member of the IFC's Corporate Governance Advisory Board. He is also the Chairman of the Trustees of the Argüden Governance Academy. As a social entrepreneur he has founded and led numerous NGOs and initiated the National Quality Movement. As the elected Global Chair, he represented the National Networks on the Board of the UN Global Compact, the world's largest sustainability platform. He has a B.S. degree in Industrial Engineering from the Bogazici University, where he received both the Top Academic Achievement Award and the President's Prize for Student Leadership. He received his PhD in policy analysis from the RAND Graduate School with General Distinction. He was a playmaker for the high school and university basketball teams that won the National Championships and later served as the Vice-Chair of Turkish Basketball Federation. He is an Eisenhower, Fulbright, NATO, and TÜbitak fellow; and a recipient of numerous leadership, distinguished citizenship, and career awards. He was selected as a Global Leader for Tomorrow, by the World Economic Forum for his commitment to improve the state of the world.



**Tamer Haşimoğlu**  
Board Member

He completed his secondary education at German High School and continued his higher education in Istanbul Technical University, Mechanical Engineering, and then he earned a Master's degree in International Business from Istanbul University, Institute of Business Administration and Economics. After starting his career in 1989 at Koç Holding as a Management Trainee in the Planning Coordination Department, he assumed the duties of Specialist, Manager and Coordinator. He continued his career as Strategic Planning President at Koç Holding between 2004-2011. During this period, he took an important role in determining the strategies of the group companies while ensuring Koç Group's main strategies and portfolio structures are built. He carried out very important M&A projects. These include the acquisitions of Tüpraş, Yapı Kredi and sales of Migros, Koç Allianz, Demir Döküm, Döktaş and İzocam. He served as the President of Tourism, Food and Retailing Group at Koç Holding from April 2011 to April 2022. In this role, he assumed the management responsibility of a total of 12 companies, including Koçtaş, Tat Gıda, Düzey Pazarlama, Divan, Setur, Setur Marinas, Koç Sistem, KoçDigital, Ram and Inventram. Tamer Haşimoğlu serves as a Board Member of some Anadolu Group and Koç Group companies. In addition to these duties, he is a Board Member of TÜSİAD and Hisar Educational Foundation (HEV). He also served as a Board Member of YASED, as a member of the Turkish Tourism Investors Association and as a Board Member of the İMEAK Chamber of Shipping.



**Stephan Rosen**  
Board Member

Born in Nuremberg/Germany in 1963, Stephan Rosen graduated from European School in Varese (Italy). After an apprenticeship at GRUNDIG AG, he graduated 1988 in Business Administration from VWA Nuremberg and started his career in the export department of STAEDTLER. 1991 he continued to work for its subsidiary in Milan/Italy in management position (mainly for procurement, logistics and finance as well as establishing the brands LEITZ and TIPP-EX in Italy). Since 1995 he has worked for Faber-Castell headquarters in Stein as Export Manager, from 2003 to 2006 as Head of Profit Centre Europe. In 2006, he was appointed as Sales Director Europe. From 2007, he also took on the position of Managing Director for Faber-Castell Czech Republic. Between 2015 and 2016 he managed the subsidiary in Austria. In the period from 2016 to October 2023 he covered the position as Managing Director of FaberCastell Italy. In 2020, he was appointed Co-Managing Director for the subsidiaries in France and Denmark.



## BOARD OF DIRECTORS



**Dr. Mehmet Ercan Kumcu**  
Independent Board Member

Mehmet Ercan Kumcu graduated from Boğaziçi University Department of Economics and received his doctorate degree from Boston College, Department of Economics. He was a university lecturer in Boston College, Eastern Michigan University and State University of New York giving lectures about macroeconomics, theory of money, international economics and finance. Prior to his career at the Central Bank of Türkiye, he worked as a guest researcher, general secretary and finally as Vice President between 1988-1993. Dr. Kumcu worked both as the Vice Chairman and later as the Chairman of Tekfenbank (Eurobank Tekfen) between 1995-2008. Dr. Kumcu gives lectures at Kadir Has University and he has published many articles. He is the author of the books "İstikrar Arayışları" (In Pursuit of Stability) "Krizleri Nasıl Çıkardık?" (How Did We Create Crises) (with Mahfi Eğilmez), "Ekonomi Politikası: Teori ve Türkiye Uygulaması" (Economic Policy: Theory and Practice in Türkiye) (with Mahfi Eğilmez), "Kadın Matematikçiler" (Female Mathematicians) and "Krizler, Para ve İktisatçılar" (Crises, Money and Economists). Kumcu, complies with all of the independent member requirements, defined in the Capital Markets Board (CMB) Corporate Governance Principles.



**Ali Galip Yorgancıoğlu**  
Independent Board Member

A. Galip Yorgancıoğlu graduated from Galatasaray High School and then he studied at the Faculty of Business Administration at Boğaziçi University. He started his professional life at Phillip Morris as Marketing Manager of Marlboro Cigarettes. Later on, he worked as South East European Marketing Director at Diageo, Turkey and Eurasia Marketing Director at Coca-Cola, and then Turkey General Manager at Burger King. In April 2004, he started to work as CEO of Mey İçki, which was founded after Tekel Alcoholic Beverages section has been privatized in December 2003. He continued to work as CEO of Mey İçki / Diageo Turkey until he retired on 30 September 2017. Galip Yorgancıoğlu is currently a board member at AG Anadolu Grubu Holding A.Ş. and Coca-Cola İçecek.



**Tayfun Bayazit**  
Independent Board Member

Born in 1957, Tayfun Bayazit got his bachelor's degree in mechanical engineering from the Southern Illinois University, followed by a master's degree (MBA) from Columbia University. Having started his career at Citibank in 1983, Bayazit assumed Executive Vice President and Senior Executive Vice President positions at Yapı Kredi Bank from 1986 until 1995. He was President and CEO at Interbank from 1995 to 1996, and at Banque de Commerce et de Placements from 1996 to 1999. Having served as Vice Chairman at Doğan Holding from 1999 until 2001, Bayazit was later appointed as CEO and Board member at Dışbank (2001-2005), Fortis Bank (2005-2007), and Yapı Kredi Bank (2007-2009), where he consequently served as Chairman from 2009 to 2011. He has been working as a consultant since 2011. Tayfun Bayazit complies with all of the independent member requirements, defined in the Capital Markets Board (CMB) Corporate Governance Principles.



**İzzet Karaca**  
Independent Board Member

İzzet Karaca graduated from Boğaziçi University Industrial Engineering Department in 1977. Having started his professional career in 1977 at Koç Research and Development Centre, he held Industrial Engineer and IT Manager position until 1985. Between 1985-1988, Karaca worked as Systems and Organization Director at Ford Otosan. Since 1988, he held several positions at Unilever in Germany, Türkiye and Baltic States including Internal Audit Group Manager, Logistics Manager, Commercial Director and Managing Director. In addition, between 2011- 2013, İzzet Karaca served as the Chairperson at YASED (International Investors Association). After serving as Executive Chairman at Unilever Türkiye and Unilever NAMET RUB (North Africa, Middle East, Russia, Ukraine and Belarus) and being a member of the Unilever CEO Forum, Karaca retired at December 2013. In 2015, he published his first book called "The New CEO is... You".



## SENIOR MANAGEMENT



### Demir Şarman

Agribusiness, Energy and Industry Group President

Demir Şarman started his career in 1993 as a Financial Audit Specialist at Arthur Andersen Türkiye and joined Anadolu Group's Beverage Division (Anadolu Efes) in 1997 as a Financial Controller. Between 1997-2009, Şarman held various positions at Anadolu Efes including CFO of Efes International and Group's Strategy and Business Development Director. Şarman served as the Chief Executive Officer of Anadolu Etap since its incorporation until June 2019. Demir Şarman, who assumed the responsibilities of Anadolu Group energy companies in April 2019, was appointed as Anadolu Group Agribusiness, Energy and Industry Group President in July 2019. Şarman is also a member of Anadolu Group Sustainability Committee. Besides carrying out his duties as the Chairman of the Federation of Food and Drink Industry Associations of Türkiye (TGDF) and Vice President of the International Fruit and Vegetable Juice Association (IFU), Şarman also performs his duties as the member of the Private Sector Advisory Committee of the Food and Agriculture Organization of the United Nations (FAO). Demir Şarman graduated from Middle East Technical University, Department of Economics in 1993. He has an MBA degree from University of Chicago and is also a Certified Public Accountant.



### Oğuz Uçanlar

CEO

Oğuz Uçanlar received his BSc in mechanical engineering from Boğaziçi University in 2000 and his MBA from the University of Michigan in 2004. During the initial stages of his career he worked as an Export Manager for Ayvaz Endüstriyel Mamüller San. ve Tic. A.Ş. between 1997 and 2000 and then as Marketing Manager for Alarko Tourism Group in 2000 and 2001. He then held the positions of Advisor at PwC (2001-2002), Associate at Booz Allen Hamilton, Chicago, IL (2003-2007), Founder & CEO at Spaforever, Chicago, IL (2007-2011), Co-Founder and Managing Partner at 34 Developments, Chicago, IL (2007-2011), and Manager at Bain & Co., İstanbul (2011-2013). He joined the Anadolu Group in 2013, where he worked as Retail Group Director (2013-2014) before holding the position of Director of Operations and Sales (2014-2016) and Managing Director/CEO (2014-2016) at McDonald's. He has been serving as the CEO of Adel & Faber Castell since January 2023.



### Yasemen Güven Çayırmez

Chief Financial Officer

Yasemen Güven Çayırmez received her bachelor's degree in management from Bilkent University in 1999 and her master of law degree from Yeditepe University in 2006. Having joined the Anadolu Group in 1999, Ms. Çayırmez worked in various roles in the Finance Department of Efes Beverage Group including Finance Specialist, Business Development and Investor Relations Specialist, Finance Manager (Efes International), Financial Controller. She worked as Finance Manager at Efes Invest (2005-2006), Strategy and Business Development Manager at Coca-Cola İçecek A.Ş. (2006-2008), Strategy and Business Development Manager at Efes Beverage Group (2008-2011), Business Development Deputy Coordinator in the Financial Affairs Department of Anadolu Endüstri Holding A.Ş. (2011-2017), and Group Business Development Director in the Business Development Department of Anadolu Efes Group (2018-2021). She has been serving as the Chief Financial Officer of Adel Kalemcilik since January 2022.



**Emre Kavukcuoğlu**  
Chief Human Resources Officer

Emre Kavukcuoğlu received his bachelor's degree in business administration (in English) from İstanbul University in 2000 and completed the Financial Management Certificate Program at İstanbul University Graduate School of Business in 2001. Having joined the Anadolu Group in 2000, he first worked as Assistant HR Generalist at Anadolu Endüstri Holding A.Ş., where he later functioned as HR Generalist and HR Chief between 2003 and 2006. He transferred to Efes Beverage Group in 2006, where he served as HR Supervisor until 2009 and as Compensation and Benefits Manager until 2014. Kavukcuoğlu was the HR Director for Anadolu Efes Kazakhstan between 2014 and 2018, and for Anadolu Efes Türkiye between 2018 and 2022. He has been serving as the Chief Human Resources Director of Adel Kalemcilik since July 2022.



**Serhat Çelik**  
Sales Director

Serhat Çelik received his bachelor's degree in food engineering from Uludağ University in 2008 and his MBA from Bahçeşehir University in 2015. Having started his professional life as a Sales Executive at Keskinöğlü in 2009, Çelik was Area Sales Representative at AgroLab GmbH. Having joined Anadolu Group in March 2010, Serhat Çelik held various positions at Coca-Cola İçecek A.Ş. (CCI), which included Sales Representative, Account Executive, Sales Executive, Field Executive, and Area Sales Executive for the Turkish operations. He was assigned as the Country Sales Manager of CCI-Kyrgyzstan, in which position he served from June 2019 until December 2021, and he was brought to the position of Sales Center Manager at CCI Turkey between January 2022 and December 2023. He has been serving as Sales Director at Adel Kalemcilik since January 2024.



**Murat Büyükkucak**  
Chief Marketing Officer

Murat Büyükkucak received his bachelor's degree in political science and international relations from Boğaziçi University in 2002 and his master's degree in European politics and policy from The London School of Economics and Political Science in 2003. Having started his career as Junior Strategic Planner at Starcom in 2003, he worked as Assistant Brand Manager at Mondelēz International (2004-2006), Brand Manager at the Coca-Cola Company (2006-2009), and Brand Manager at Novartis (2009-2010). He worked for British American Tobacco Turkey from 2010 to 2013, where he held the positions of Senior Brand Manager, and Marketing Planning and Information Manager. He then joined Vodafone, where he was the Corporate and Public Segment Senior Marketing Manager, Brand Strategy and Marketing Communications Senior Manager, Senior Marketing Manager – Segmented Product Owner, and Brand Strategy Marketing Communications Senior Manager between November 2013 and August 2020. He worked as Chief Marketing Officer at Iyzico (September 2020-January 2022) and Senior Vice President, Brand Management at Akbank in 2022 and 2023. Murat Büyükkucak has been serving as Chief Marketing Officer at Adel Kalemcilik since December 2023.

## SENIOR MANAGEMENT



**Serhat Kara**  
Director of Operations

Serhat Kara received his bachelor's degree in mechanical engineering from the Middle East Technical University in 2004 and earned an Executive MBA degree from Sabancı University in 2014. He worked as Manufacturing and Method Engineer at Otokar in 2005 and 2006. From April 2006, he held the positions of R&D Product Development Engineer, Uniformity and VOR Team Leader, and Technical Skill Improvement and Standardization Leader at Brisa Bridgestone and Sabancı. After working as Piston Ring Production Manager at Federal Mogul Powertrain in 2015, he assumed the roles of Quality Manager, followed by Plant Manager at Hayat Kimya between 2016 and 2018. Following his role as Operations Director at Amcor Flexibles from December 2018, he joined Anadolu Group where he has been serving as the Director of Operations since May 2023.



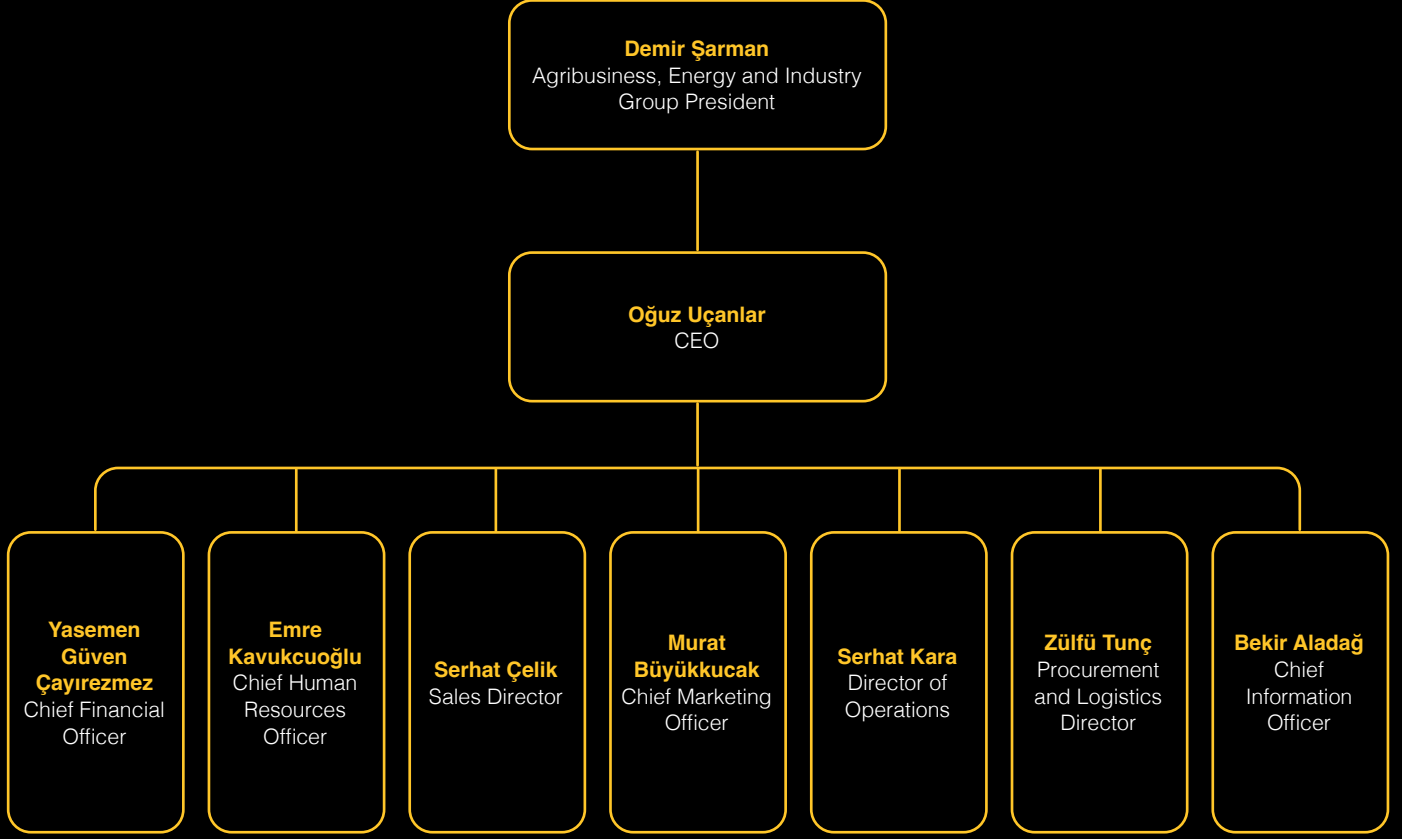
**Zülfü Tunç**  
Procurement and Logistics Director

Zülfü Tunç received his bachelor's degree in business administration from Gazi University in 2009 and pursued a master's program (with dissertation) in the Accounting and Finance Department at the same university. He started his career as a research assistant in the Accounting and Finance Department in 2010 and then worked as Audit Assistant at Ernst & Young until the end of 2011. He joined the Anadolu Group in October 2011, where he worked as Assistant Audit Specialist. In June 2012, he joined Adel Kalemçilik within the frame of an in-group transfer and functioned as Internal Audit Specialist (2012-2014), Budget and Reporting and Investor Relations Supervisor (2014-2016), Procurement Manager (2016-2020), and Export & Corporate & E-Commerce Sales Manager (2020-2021). Zülfü Tunç then transferred to Arçelik as Internal Audit Manager in June 2021, before returning to Adel Kalemçilik in August 2022 as Procurement Director. Serving as Procurement and Logistics Director since October 2023, Zülfü Tunç holds a CPA since 2015.



**Bekir Aladağ**  
Chief Information Officer

Bekir Aladağ received his associate degree in computer programming from Anadolu University in 1993 and his bachelor's degree in business administration from the same university in 1999. He started his career as a computer programmer at Biltaş in 1995. He joined Anadolu Group in August 1996 and held various positions at Coca-Cola İçecek A.Ş. (CCI), which included Information Technology Business Analyst for AS400 systems, Information Technology SAP Business Analyst, and Information Technology SAP Finance Executive. He then worked as Information Technology Manager for CCI-Turkmenistan from March 2012 until March 2016, when he returned to the Turkish operations. Aladağ worked as IT Applications Integration Manager until year-end 2016, and Digital Technology Commercial Operations Manager between January 2017 and October 2023. He has been serving as Chief Information Officer at Adel Kalemçilik since November 2023.





## INVESTOR RELATIONS

### consistent dividend payer

Adel is known among investors as a consistent dividend payer.



Adel's shares are included in a number of Borsa İstanbul stock indexes.

The Investor Relations Unit manages communication between the Board of Directors and shareholders. Its primary focus is to ensure the effective exercise of shareholder rights. The IRU's duties include publishing material event disclosures as required by capital market regulations, publishing periodic informational announcements for the benefit of investors, managing the content of the company's website, preparing annual reports, and responding to shareholders' written and verbal requests for information.

The Adel Kalemcilik Corporate Governance Committee is responsible for overseeing the Investor Relations Department. The committee defines standards for all public disclosures and basic investor relations principles. It reviews these standards and principles, as well as compliance with them, on an annual basis. The committee makes recommendations concerning these matters to the Board of Directors as necessary. The Investor Relations Department prepares a report on its activities and submits it to the Corporate Governance Committee every time the committee convenes.

#### Dividend Policy

Adel Kalemcilik allocates profits and pays dividends in accordance with its articles of association, subject to the requirements of Turkish commercial, capital market, tax, and other applicable laws, regulations, and administrative provisions. It is the company's policy to distribute at least 50% of its distributable profit to shareholders in the form of cash dividends and/or bonus shares each year. Implementation of this policy however is subject to the need for investments and other funding to support the company's long-term growth and may therefore be modified

## Credit Rating

Adel's long-term (National) credit rating has been upgraded from "AA- (tr)" to "AA (tr)" by credit rating agency JCR Avrasya Derecelendirme AŞ. The company's short-term (National) credit rating and outlook remained unchanged at J1+ (tr) and "Stable" respectively.

	Note	Outlook
Long-Term National Credit Rating	AA(tr)	Stable
Short-Term National Credit Rating	J1+(tr)	Stable
Long-Term International Foreign Currency Credit Rating	BB	Negative
Long-Term International Local Currency Credit Rating	BB	Negative

or suspended in the event of extraordinary developments in economic conditions. The Board of Directors passes a dividend-recommendation resolution for each fiscal year and submits it to the General Assembly of Shareholders for their approval. The general assembly sets the date for the start of dividend distribution but that date must be before the end of the year in which it is set.

### General meetings

Information about Adel Kalemcilik general meetings is provided in the "Corporate Governance/Additional information about corporate governance/Shareholders/General meetings" section of this report

### Dividends

Adel is a company known for its consistent dividend payments.

At the 2022 annual general meeting held on 13 April 2023, shareholders passed a resolution stating (1) that whereas the legal books of account for fiscal year 2022

show there is no distributable net profit for the reporting period according to the Profit Distribution Table prepared in accordance with the Capital Markets Board Dividends Guide, a 31 December 2023 inflation-adjusted gross dividend of TL 19,802 is to be alternatively sourced from retained prior-year profits instead; (2) that shareholders who are resident taxpayers will receive a gross dividend of TL 0.8381 (76.2% dividend) and a net (after-tax) dividend of TL 0.7543 (68.58% dividend) for each share of stock with a par value of TL 1.00 that they hold. Dividend payments began and were completed on 27 September 2023.

## SECTORAL REVIEW & ADEL'S POSITION IN THE SECTOR

### market leader

Adel is a market leader thanks both to its production capabilities and to the knowledge and experience of more than half a century in business.



The stability and growth potential of Turkey's stationery market are ensured both by the country's youthful demographics and by an educational system in which some 26 million students ranging from preschool to post-graduate are enrolled. Office supplies were once used primarily in businesses but demand for them is increasingly coming from households, where they have become a necessity in a post-pandemic work-from-home world. In addition, more and more consumers are opting for ecofriendly products as people everywhere become more environmentally conscious.

With numerous players, many of whom are global actors, and import-heavy, Turkey's stationery market is an intensely competitive one. Adel however leads the market thanks both to its production capabilities and to the knowledge and experience of more than half a century in business. The company's chief advantages are high domestic production capacity, reputation as the most-preferred consumer brand, product quality and reliability, distribution efficiencies, and financial strength.

Adel conforms to the BSCI Code of Conduct when dealing with its suppliers. The Business Social Compliance Initiative aims to sustainably improve fair and safe working conditions across global supply chains. Adel's fulfillment of BSCI criteria strengthens its competitive position, particularly in Europe where it is a requirement for goods entering the EU and is increasingly seen as evidence of elevated ESG scores.



Adel's status as an approved global supplier for UNICEF also sets it apart in the competitive landscape.

Making the best use of the growth opportunities offered by the market, Adel sets itself apart from its competitors by focusing on sustainability and product safety throughout the production cycle. This is done out of a sense of responsibility to the large audience it serves.

Adel's CSR efforts are recognized by numerous national and international awards. The company's receipt of a "Happy Place to Work" award in the "Office Supplies"

category further burnishes the Adel reputation as an employer that people want to work for.

Consumer market research\* results show that Adel is the sector leader by a wide margin. Its own Adel brand is recognized by 97% of consumers and Adel branded products have been used at least once by 74% of them. This market penetration is surpassed only by the company's Faber-Castell brand, which is recognized by 100% of consumers and used by 97% of them.

**Adel's status as an approved global supplier for UNICEF sets it apart in the competitive landscape.**



## ASSESSMENT OF OPERATIONAL AND FINANCIAL RESULTS

### strong growth momentum

Adel performed successfully throughout the year, exceeding expectations and targets. This success is evidenced by the steady and consistent growth in both sales and profitability.



#### Adel is distinguished by its production and brand strengths.

A leader of its sector with strong production capacity and technological know-how, new products and solutions that Adel develops at its R&D center help keep the company ahead of its competitors.

Constantly innovating, Adel introduces 250 or so new products every year. It also invests in R&D in its ongoing efforts to improve its materials and manufacturing processes in ways that are both economically and environmentally sustainable. Patent-awarded machinery designed and developed by Adel itself sharpen the company's competitive edge in the market.

Adel has completed 40 R&D projects to date, 8 of them in 2023. Adel boasts a strong intellectual property portfolio, with 20 patents, 12 designs, and 1 utility model registered in its name. The company has also published 6 articles and papers dealing with R&D issues.

Adel is a leading manufacturer of a wide range of nearly 1,000 different stationery and art supplies including wood-cased pencils, paint and copy pens, ballpoint pens, rollerball pens, felt-tip markers and pens, crayons, watercolors, erasers, pencil sharpeners, finger paints, playdough, and gouache paints. Adel's products are known for their high quality, durability, and affordability.

In addition to its own products, Adel also markets and sells nearly 4,000 products made by the world's leading stationery and toy manufacturers.

#### Product safety and management systems are in place at every stage of Adel's production operations.

Adhering to a responsible production approach and making product safety central to its production processes, Adel has 10 thousand product-safety and 30 thousand product-quality tests conducted every year on average in fulfillment of its "We will never sell anything that we wouldn't let our own kids use" promise.

Adel is committed to producing high-quality products that touch people's lives, shape their dreams, and have a positive impact on the future. Heedful of complying with all management system standards in the conduct all of its operations, Adel therefore sets compliance targets and devotes resources to their fulfillment, ensures that all employees are made aware of standards and of the necessity of owning and complying with them, and strives to constantly improve and develop process performance.

Adel conducts its operations within the framework of the following certifications:

- ISO 9001 Quality Management System
- ISO 27001 Information Security Management System
- ISO 14001 Environmental Management System
- ISO 45001 Occupational Health and Safety Management System
- ISO 50001 Energy Management System
- BSCI Business Social Compliance
- Zero Waste
- FSC ® Certificate
- TSI Conformity Certificate

### **Adel registered a strong performance in 2023.**

The results of 2023's first-quarter trade fair season were good. Adel representatives attended fairs in 21 cities and booked dealer and retailer orders that were in line with the company's expectations.

Adel suspended all tradeshow events in impacted areas in the immediate aftermath of the earthquake. The company resumed them in March and continued to organize sectoral gatherings with its stationery dealers and retailers in Elazığ, Diyarbakır, Gaziantep, and Adana.

In 2023, Adel was included in UNICEF's approved suppliers list after satisfying all the requirements to be a UNICEF Global Supplier. This inclusion will lead to the signing of a 24-month contract under which Adel will be producing prepackaged educational kits for sale to UNICEF.

Seeking to grow its exports through new cross-border business collaborations and by penetrating new markets, in 2023 Adel attended ASD Market Week in Las Vegas, one of the world's biggest B2B wholesale trade shows showcasing a wide range of consumer goods. While at the fair, Adel explored opportunities to expand its operations in North America. Egypt, Azerbaijan, and the Turkic republics are also likely to be the objects of Adel's attention in the period ahead.

Adel performed successfully throughout the year, exceeding expectations and targets. This success is evidenced by the steady and consistent growth in both sales and profitability.

### **Adel's business is cyclical in nature.**

The dynamics of the stationery industry in Turkey are cyclical, with peak demand being determined by school openings and closures and by dealer and retailer stock replenishments. Customers typically place orders for the current year during its first quarter. These orders are manufactured as required and shipped during the second quarter to ensure that there are sufficient stocks of products available to meet the surge in consumer demand in the third quarter when schools reopen.

Each year, Adel accepts orders for goods from retailers attending first-quarter trade fairs. Depending on their nature, these goods may be manufactured by Adel itself or imported. The company requires customers to provide a bond or other form of collateral sufficient to cover the value of their orders; the orders themselves are shipped by the end of the third quarter.

Owing to the cyclical nature of its business therefore, the company's net debt and net operating capital requirements typically peak at the end of the third quarter. Towards the end of the year however, both return to normal levels.



## ASSESSMENT OF 2023 FINANCIAL RESULTS

### High profitability

Adel booked a net profit of TL 436 million as a result of its successful operations in 2023.



#### Disclaimer

In Bulletin 2023/81 dated 28 December 2023, the Turkish Capital Markets Board (SPK) announced that all companies that issue securities as well as the financial institutions subject to its oversight must adhere to inflation-accounting procedures as set forth in TMS 29 (“Financial Reporting in Hyperinflationary Economies”). This mandate applies to all financial reporting for periods ending on or after 31 December 2023. For this reason, all financial statements presented herein, including comparative data from earlier reporting periods, have been restated in accordance with TMS 29 to account for changes in the overall purchasing power of the Turkish lira. The resulting figures are indicative of the Turkish lira’s purchasing power as of 31 December 2023.



**Key Financial Indicators**

(TL million)	2022	2023	%
Net Sales	1,675	2,262	35%
Gross Profit	422	1,056	150%
EBITDA	127	508	300%
Net Profit/(Loss)	-19	436	n.m.
Net Working Capital	503	534	6%
Net Financial Debt	395	187	-53%
Free Cash Flow	-112	107	n.m.
Gross Profit Margin	25%	47%	
EBITDA Margin	8%	22%	
Net Profit Margin	-1%	19%	

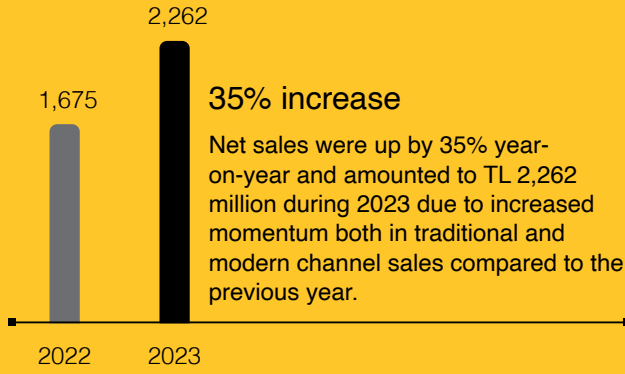
\* All figures and tables in this report have been adjusted in accordance with IFRS 16.

**Net Sales****TL 2,262 million****Gross Profit****TL 1,056 million****Net Profit****TL 436 million****Gross Profit  
Margin****47%****EBITDA Margin****22%****Net Profit Margin****19%**

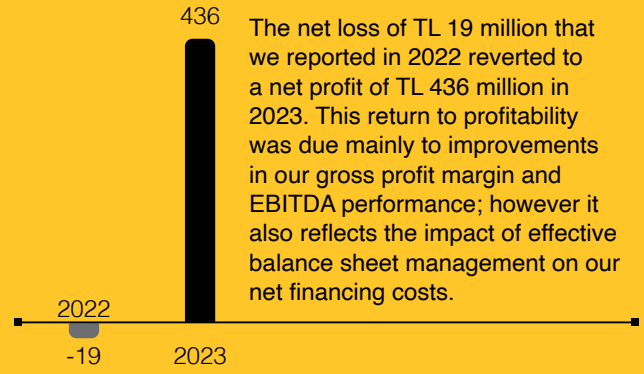


## ASSESSMENT OF 2023 FINANCIAL RESULTS

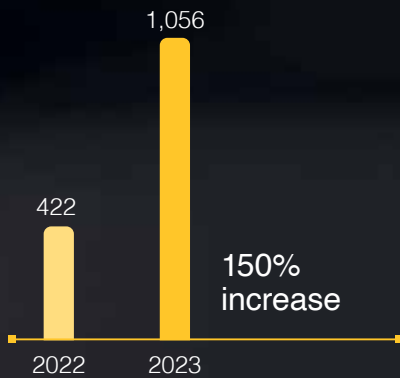
## Net Sales (TL million)



## Net Profit (TL million)



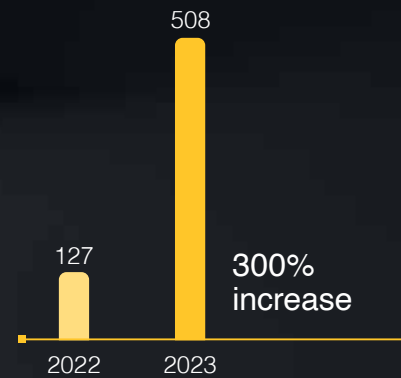
## Gross Profit (TL million)



## Gross Profit Margin, %



## EBITDA (TL million)

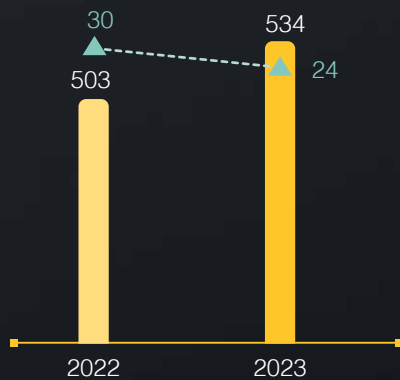


## EBITDA Margin, %



As of the end of 2023, our gross profit increased 2.5-fold compared to the previous year to TL 1,056 million. This is attributable to (1) effective cost management and (2) an effective pricing policy. Our gross profit margin also increased by 2,200 basis points to 47% compared to the previous year.

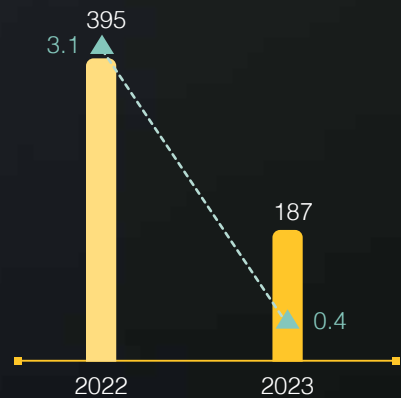
Similarly, EBITDA increased approximately 4-fold compared to the previous year to TL 508 million while EBITDA margin increased by 1,400 basis points to 22%.

Net Working Capital  
(TL million)

Net Working Capital (TL million)  
Net Working Capital/Net Sales

Our net working capital requirement was TL 534 million as of end-2023. This corresponds to a year-on-year increase of 6%.

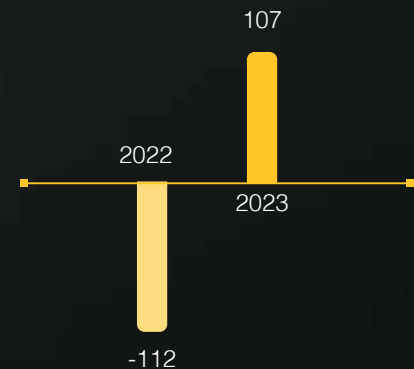
The Net Working Capital Requirement / Net Sales ratio, which was 30% as of the end of December 2022, declined to 24% as of the end of December 2023.

Net Financial Debt  
(TL million)

Net Financial Debt (TL million)  
Net Financial Debt/EBITDA

As of the end of 2023, the company's net debt was TL 187 million, a decrease of 53% from the previous year. Excluding interest accruals, the actual decrease was 82%. When the impact of IFRS 16 on leased assets is allowed for, our net financial debt at end-2023 was TL 77 million, or 78% less than what it was at end-2022.

The company's 2023 year-end net debt to EBITDA ratio fell from 3.1 in 2022 to 0.4 in 2023. This was due to continued improvements in profitability and to effective balance sheet management.

Free Cash Flow  
(TL million)

Our free cash flow in 2023 was TL +107 million, an improvement of TL 219 million compared to the previous year. This improvement is attributable to (1) more effective balance sheet management and (2) increased profitability.

## RISKS

**Financial risks:** Due to the significant amount of working capital need during the first nine months of a year, the company's financial statements are vulnerable to changes in interest rates that reflect geopolitical risks as well as movements in the country's macroeconomic indicators. The company has a policy of keeping its borrowing rates below market rates and it takes precautions and actions to ensure this in a forward-thinking manner. Despite higher interest rates and changes in regulations governing credit use, bank loans contracted in the last quarter of 2022 and alternative financing instruments such as corporate bonds issued in 2023 kept the company's effective borrowing rate below the market rate. Due to ongoing uncertainties surrounding the course of interest rates in 2024, financial planning is focusing on accelerating receivables by offering prepayment discounts and diversifying sources of funding by having recourse to alternative financing options.

**Currency risk:** Our company is exposed to currency risk because its FX-denominated liabilities are greater than its FX-denominated assets. We use derivatives to mitigate and manage this risk. The company's risk management policy requires it to hedge at least 50% of its currency risk exposure. As of 31 December 2023, the company had no currency risk exposure. 90% of the company's 2024 currency risk exposure is already hedged against.

**Credit risk:** The company requires its dealers to write it postdated checks or to agree to direct-debit system (DDS) or credit-card charges against any orders they place during campaigns, fairs etc. When the goods are shipped, most of these checks are also transferred to DDS or replaced with checks that dealers receive from their own customers. Remaining dealership credit risk exposure is covered by means of such instruments as letters of guarantee etc. Owing to its practice of doing business in this way, the company is not exposed to credit risk, which is mostly DDS-covered in any case.

DENKLEM  
(tem)

$$A = 5m - 4n + 5$$

$$B = 10 - m$$

Yukarıda verilen cebirsel ifadelerle göre,  
A - B işleminin sonucu aşağıdakilerden  
hangisidir?

- A)  $4m - 4n + 18$   
B)  $4m - 4n - 2$   
C)  $6m - 4n - 2$

- B)  $4m - 4n - 2$   
D)  $5m - 5n + 2$

• Cebirsel ifadelerde çıkarma işlemi yaparken önce toplama işlemine dönüştürülmüştür. Daha sonra toplama işlemi yapılır.

Örnek:

$(12t - 2) - (5t - 3)$   
işleminin sonucunu bulun.

$$(12t - 2) - (5t - 3)$$

$$= 12t - 2 - 5t + 3$$

$$= 7t + 1$$

İşlemi için  
cebirsel ifa-

- B)  $a + 2$   
D)  $17a + 2$

$$(4 + x)$$

$$- x)$$

$$(4 - 3x)$$

Yukarıda verilen işlemlere göre, aşağıdaki işlemlerden herhangi birinin sonucu olamaz?

- B)  $4x - 2$   
D)  $-9x + 4$

75

TEST  
2

HIZLI BAKIŞ





## SUMMARY BALANCE SHEET

(TL thousand)	31.12.2022	31.12.2023
Cash and equivalents	481,745	794,006
Short-term financial investments	-	131,193
Trade receivables	92,978	118,454
Inventories	493,060	615,600
Other current assets	88,653	169,071
<b>Current Assets</b>	<b>1,156,436</b>	<b>1,828,324</b>
Financial investments	63	776
Other receivables	-	383
Tangible assets	625,391	557,195
Intangible assets	46,682	78,997
Other non-current assets	77,544	165,513
<b>Non-Current Assets</b>	<b>749,680</b>	<b>802,864</b>
<b>Total Assets</b>	<b>1,906,116</b>	<b>2,631,188</b>
Short term borrowings	802,263	779,901
Short term portion of long term borrowings	28,339	261,521
Trade payables	95,263	139,633
Other current liabilities	76,019	229,514
<b>Current Liabilities</b>	<b>1,001,884</b>	<b>1,410,569</b>
Long term borrowings	46,565	71,276
Long term provisions	62,512	38,511
Deferred Tax Liabilities	102,471	-
<b>Non-Current Liabilities</b>	<b>211,548</b>	<b>109,787</b>
<b>Equity</b>	<b>692,684</b>	<b>1,110,832</b>
<b>Total Liabilities &amp; Equity</b>	<b>1,906,116</b>	<b>2,631,188</b>



## SUMMARY INCOME STATEMENT

(TL thousand)	1 January- 31 December 2022	1 January- 31 December 2023
Revenues	1,675,122	2,261,755
Cost of sales (-)	(1,253,242)	(1,205,803)
<b>Gross Profit</b>	<b>421,880</b>	<b>1,055,952</b>
Operating expenses (-)	(438,059)	(695,298)
Other Operating Income /Expense (net)	9,015	24,859
<b>Operating Income</b>	<b>(7,164)</b>	<b>385,513</b>
Income /(expense) from investment operations	699	4,373
Financial income/(expense)	(197,779)	(108,656)
Monetary gains / (losses)	192,293	161,690
<b>Income/(Loss) Before Tax from Continuing Operations</b>	<b>(11,951)</b>	<b>441,799</b>
Tax income/(expense)	(7,476)	(5,833)
<b>Net Income/(Loss)</b>	<b>(19,427)</b>	<b>435,966</b>
<b>EBITDA</b>	<b>126,922</b>	<b>507,891</b>
<b>Profitability Ratios</b>		
	<b>1 January- 31 December 2022</b>	<b>1 January- 31 December 2023</b>
Gross Profit Margin	25%	47%
Operating Profit Margin	0%	17%
Net Profit Margin	-1%	19%
EBITDA Margin	8%	22%
Market Capitalization as of December 31st (TL thousand)	2,657,813	7,926,188

## WORKLIFE AT ADEL

### high performance focus

Adel fosters a high-performance corporate culture by investing in the professional and personal development of its employees.



#### HR & talent management

When investing in its employees' professional and personal development, Adel strives to create a high-performance corporate culture in which individual goals are aligned with the company's overall vision.

Adel's recruitment process is designed to ensure equality and fairness. This approach fosters a harmonious and productive work environment where employees possess the competencies needed to contribute to the company's vision, mission, and strategic goals. In the conduct of its recruitment operations, Adel aims to give everyone an equal chance while also being mindful of candidates' compatibility with the company's culture and long-term goals.

Adel takes a thoroughgoing approach to talent management, meticulously examining all aspects of the process from recruitment and performance evaluation to career development and succession planning. The company recognizes that having the right career plans in place for its employees at the right time is essential for creating an agile organization. This awareness is what drives human resources practices at Adel.

Adel is committed to developing its employees into well-rounded individuals who are globally-minded and collaborative, who value continuous learning, and who are also analytical, proactive, and capable of making decisions independently. Ultimately, Adel believes that

employees should be driven by a focus on business and customer needs.

As a member of the Anadolu Group, Adel participates in Anadolu Holding's Organizational Development Meetings process. This process is a systematic approach whose aim is to ensure that career planning and succession strategies are regularly reviewed for all employees at all levels. The process also helps to identify critical roles and high-potential employees.

Adel adheres to a uniform compensation policy consisting of a fixed salary augmented by performance bonuses. This policy applies to all non-union personnel up to and including senior executives and those they report to.

Adel's compensation practices ensure equal treatment for all employees. Decisions are never based on factors such as language, race, color, gender, political opinion, belief, religion, sect, age, or physical disability. Every care is taken to ensure that Adel's performance management system makes no distinctions whatsoever based on such factors and that all employees are paid exactly what their responsibilities, skills, and performance entitles them to.

Annual performance reviews provide white-collar personnel with feedback and support for their professional development. Adel's own Recognition & Reward system is used in tandem with Anadolu Holding's Bi-Fikir Reward system. In this way, Adel encourages its employees to be creative and innovative by ensuring that their ideas and accomplishments are rewarded at both the company and corporate group levels.

Adel has adopted a set of policies and practices aimed at safeguarding the rights of its employees and at increasing employee satisfaction.

Adel refines its HR strategies with an eye for enhancing organizational effectiveness & culture, leadership, growth opportunities, and employee satisfaction, basing everything it does with these core values in mind.

Continuous improvement (kaizen) has been a core feature of Adel's High-Performance Culture system since its introduction in 2013. This approach ensures employee participation in management by supporting ideas that contribute to the company's growth and overall performance.

### Training

United by a passion for success, we at Adel Kalemcilik are constantly on the lookout for ways to work and build a

**Adel has adopted a set of policies and practices aimed at safeguarding the rights of its employees and at increasing employee satisfaction.**



## WORKLIFE AT ADEL

### a passion for success

As Adel Kalemcilik we are driven by a shared passion for success, looking always to the future and shaping it together.



successful future together. Through Adel Campus, employees are provided with training resources which they can seize as opportunities for successfully advancing their careers at the company. The Adel Campus training catalogue includes modules focusing on Leadership, Personal Development, Digitalization, and Data Analytics.

Employees attending the Adel Campus Leadership, Personal Development, Digitalization, and Data Analytics programs received a total of 1,074 hours of training on such topics as strategic thinking, emotional resilience, conflict management, Microsoft Power BI, and data analysis in 2023.

Adel believes that leadership training empowers employees, enabling them to unleash their individual and collective potential. This has a profound

and impact on the successes they achieve together. For this reason, in 2023 Adel Campus introduced leadership-focused “Adel Lead” training for personnel at or above the “Specialist” paygrade with the aim of supporting them at every stage of their leadership journeys.

Through the Adel Lead Shine program developed in partnership with Bahçeşehir University, management trainees are given the opportunity to develop their leadership skills and to make a brilliant start as they take the first step in shaping their futures.

The Adel Lead Discover program, also created in collaboration with Bahçeşehir University, helps existing managers raise their awareness, develop their leadership skills, and prepare for the next steps in their career journey. In this program, participants are given

the opportunity to tap their full potential by exploring leadership in depth.

In the Adel Lead Advance training program, managers are equipped with team-dynamics tools with which to build and enhance the performance of their own teams. The program encourages participants to discover and develop their own leadership styles by providing them with both modular training and one-on-one coaching sessions. As the program moves forward, participants’ progress is assessed and used as input to create and track individualized development plans.

In 2023, 27% of Adel’s white-collar employees participated in Adel Lead leadership programs and received a total of 1,527 hours of training.

In 2023, Adel delivered 6,331 hours of training across various areas, including mandatory legal compliance, technical skills, first



aid, environmental awareness, occupational health & safety, competition law, and information security.

In addition to company-supplied training resources, qualifying employees of all Anadolu Group members benefit from discounts on master's and doctoral programs at Koç, Sabancı, Bilgi, Özyeğin, Bahçeşehir, and Okan universities. This gives them the chance to advance their careers by developing themselves academically.

### Opportunity equality

At Adel, equality of opportunity is seen as a core value that is embedded in its business model.

Adel takes decisive action to ensure that all organizational processes, from hiring to promotion and from compensation to training, are

based solely on objective and transparent criteria. The company is committed to having a workplace in which age, gender, race, religion, sexual orientation, physical disabilities, and socioeconomic background have absolutely no role whatsoever to play in how employees are treated. For employees with disabilities, Adel also takes great care to provide a fully accessible and inclusive workplace environment.

As a firm believer in UN SDG 5 ("Achieve gender equality and empower all women and girls"), Adel regards gender equality as one of its core values and strives to prioritize it in all of its operational processes. According to the most recently-published TurkStat data, women make up 25.40% of the workforce in the industrial sector. Adel surpassed this in 2023: not

**At Adel, equality of opportunity is seen as a core value that is embedded in its business model.**





## WORKLIFE AT ADEL

only were 28% of its employees women, 30% of its management positions were held by women. These numbers attest to Adel's commitment to gender equality in the workplace.

Adel regularly reviews and assesses all of its processes and practices and proactively takes steps to continuously improve and bring them into better alignment with its vision of being a fair and inclusive place to work. For the purpose of roadmapping these improvements, Adel has identified short, medium, and long-term goals:

- 2025: Women make up 40% of the workforce
- 2030: Women are equally (50%) represented in the workforce and hold 35% of management positions
- 2050: The workforce is fully inclusive in terms of such diversity criteria as gender, race, and age.

### Occupational health & safety

Adel regards employee health and safety as a matter of the utmost importance and therefore gives great attention to the robustness and sustainability of its workplace health services. The company employs a professional healthcare staff consisting of a full-time workplace physician along with two full-time registered nurses who work on a shift basis.

Adel also offers optional private health insurance and supplementary coverage plans to make it easier for its employees to access the healthcare they need for non-work-related medical conditions. The protection of Adel employees' health and safety is governed by formally-adopted company policies such as the Adel Occupational Health & Safety Procedure and the Adel Medical Screening & Surveillance Procedure.

Adel regards continuously improving and developing its business processes

so as to ensure that they do not adversely affect its employees' health or safety to be a fundamental tenet of all management systems policy. Adel is committed to full compliance with ISO 45001 Occupational Health & Safety Management System standards. The company believes continuous improvement is a shared responsibility and encourages all employees to embrace it as well.

ISO 45001 compliance processes are managed in line with company-published OHS procedures and under the oversight of the Adel Occupational Health & Safety Committee, which convenes at least once every two months. Unit heads are responsible for identifying hazards and conducting risk assessments within their units and for ensuring that OHS procedures are properly followed. This process is also supported by OHS professionals such as OHS specialists, and workplace physicians. Risk assessments

## fair & equitable

In 2023, women made up 28% of Adel's workforce and held 30% of its management positions.



are conducted using the Fine-Kinney method. Each hazard is assigned a risk score based on its probability, severity, and frequency. These risk assessments inform all OHS practices at Adel. Actions that need to be taken are identified in accordance with the company's risk management & control hierarchy and corrective action records (CAR) are created and communicated to units' OHS officers. The progress of subsequent risk mitigation processes is tracked according to CAR-specified deadlines. Risk assessment processes are regularly reviewed and revised whenever it is suspected that risks may have changed in nature.

Guided by its vision of zero work-related accidents and illnesses, Adel's top priority is to provide the safest possible workplace environment for employees, contractor personnel, and visitors. The

Adel Board of Directors is ultimately responsible for determining company-wide OHS strategies in its capacity as the company's highest decision-making authority. Adel's general manager and senior executives are responsible for the implementation of these strategies. Technical Services coordinates OHS activities across the company.

Established in 2015, the Adel Sustainability Working Group plays a critical role in proactively addressing OHS from an interdisciplinary perspective. This group defines OHS targets and performance indicators, which are reported to senior management through routine internal audit procedures.

Adel regards training and awareness-raising as essential for the company-wide ownership of the OHS culture that it embraces. Employees received a total of 4,613 hours of OHS

training during 2023. This training further advanced efforts to raise OHS awareness and to promote a safer, healthier workplace culture across Adel. Along with employee OHS training, continuous risk assessment & monitoring as well as internal and external OHS auditing are also crucial for the ongoing improvement of the company's OHS performance.

Adel has identified the following short, medium, and long-term goals that it intends to achieve through comprehensive measures and proactive-improvement strategies:

- 2025: Bring work-related accident rates down by 20% from their 2023 levels
- 2030: Reduce these rates by 50%
- 2050: Be a zero-accident workplace.

## a safe place to work

Guided by its vision of zero work-related accidents and illnesses, Adel's top priority is to provide the safest possible workplace environment for employees, contractor personnel, and visitors.



## SUSTAINABILITY AT ADEL

### a sustainability champion

Adel is determined to steadily advance towards greater sustainability and to maintain its standing as the sustainability champion among Turkey's stationery manufacturers.



#### Sustainability management

Sustainability is deeply ingrained in Adel's management philosophy. The company's Board of Directors and senior executives provide strategic leadership on sustainability-related issues. This involves identifying and then assessing sustainability-related risks and opportunities to determine strategic priorities and focus areas. The expectations of stakeholders such as suppliers, government agencies, NGOs, dealers, and customers are likewise all taken into account. All these elements are compiled into a corporate sustainability portfolio and action plans are formulated and implemented accordingly.

Sustainability management is an inherently complex process that requires cross-functional coordination across the company. Recognizing this, a multidisciplinary Sustainability Working Group consisting of representatives from units such as Finance, HR, Supply Chain, Purchasing, Corporate Communications, Environment, and OHS was set up in 2015. This group continued to evolve and in 2022 it was reorganized as the Sustainability Management Committee. This committee reports directly to the company general manager.

The Sustainability Committee serves as the core of the company's sustainability structure and oversees the operations of dedicated working groups whose members have

knowledge and experience in specific areas such as environment & energy, social impact & communication, economics & finance, and quality & innovation.

The company has formulated and published a sustainability policy to help integrate its sustainability commitment into its corporate culture. The Sustainability Committee, which reports directly to the general manager, is responsible for making Adel's sustainability approach an intrinsic element of the company's corporate culture by coordinating all sustainability related decisions, operations, and actions.

Adel is determined to steadily advance towards greater sustainability and to maintain its standing as the sustainability



champion among Turkey's stationery manufacturers. This determination is a reflection of the company's commitment to contributing to a more sustainable society and future.

### **Amfori BSCI Social Compliance System**

Adel believes creating social value as well as economic value is one of its key responsibilities. Guided by its core value of "goodness", Adel regards socially responsible behavior as an essential and enduring element of its management philosophy. Besides making this attitude intrinsic at every level of management and governance, Adel also seeks to promote it across the company's entire value chain from employees and customers to suppliers and society at large.

Preliminaries were completed in 2021 for Adel to undergo an Amfori BSCI (Business Social Compliance Initiative) audit. Such audits check for compliance with internationally accepted labor standards and practices such as those of the International Labor Organization and those enshrined in the UN Human Rights Convention, as well as with locally-mandated rules and regulations, both within an organization and across its supply chain. Compliance with the BSCI Code of Conduct was achieved and a BSCI Certificate of Conformity was issued in 2022. Adel is certified compliant in these Amfori BSCI performance areas: Workers' involvement and protection, The rights of freedom of association and collective bargaining, No discrimination, Fair remuneration, Decent working hours, Occupational health & safety, No child labor, No

forced labor, Protection of the environment, Ethical business behavior, Special protection for young workers.

Adel pledges itself to adhere to the BSCI Code of Conduct, whose aim is to improve working conditions across global supply chains. The company demonstrates this commitment by regularly having the effectiveness of its Social Responsibility Management System internally and externally audited.

No matter what their position or duties at the company may be, Corporate Social Responsibility Policy compliance and sustainability are the responsibility of everyone who works for Adel.

### **What are we doing for the future of our planet?**

Adel has adopted a sustainability-management approach that aims to eliminate its social, environmental, economic and governance risks.

Since its inception, Adel has been committed to creating value and social benefit for all of its stakeholders through its operations. Adel's Goodness Tree program contributes to environmental and social sustainability by supporting the United Nations' quality-education and climate-action Sustainable Development Goals. The company undertakes a variety of sponsorship and social responsibility projects that align with its own core corporate value of "goodness."

Aspiring to be a company that is consulted on education-related issues, in 2012 Adel partnered with the Teachers Academy

**Adel's sustainability approach focuses on building resilience by addressing environmental, social & corporate governance (ESG) as well as economic risks.**



## SUSTAINABILITY AT ADEL

### educational consultant

Aspiring to be a company that is consulted on education-related issues, Adel has been undertaking numerous quality-education projects since 2012.



Foundation (ÖRAV) to support quality education and contribute to social progress and the good upbringing of future generations. Two of the most outstanding of these are:

“Creative Child = Creative Mind”, a workshop program that helps teachers discover their own creativity and provides them with the skills and resources they need to foster creativity in their students.

“Teachers Who Change Lives”, an online platform that connects teachers with new educational models and resources and empowers them to teach more creatively and engagingly.

Recognizing the devastating impact of the Covid-19 pandemic on teaching and learning, Adel devoted even more attention to the critically important preschool period. In 2021 Adel launched 1500Kelime.com, a website that provides resources that support vocabulary acquisition and use in children, which in turn supports their intellectual development before they start school and thus readies them for a brighter future. A study of

the 1500Kelime.com’s impact found that 95% of teachers who accessed it said they would recommend the resource to others. In 2022, the website was honored with eleven national and international awards from highly respected educational institutions.

In another bid to support quality in Turkey through its Goodness Tree corporate social responsibility program in line both with its own approaches to social sustainability and with UN SDG 4 (“Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all”), Adel has been collaborating with various NPOs to distribute school supplies to children in need since 2016. To date, hundreds of thousands of schoolchildren have benefited from the learning and teaching resources made available to them through Goodness Tree.

We continued to partner with various charitable NGOs through our Goodness Tree program in 2023. In support of last year’s relief efforts in earthquake-stricken areas, school books

and school supplies were given out to 30,000 children in need of them.

Adel also attaches importance and allocates resources to social gender equality issues (SDG 5). Women make up about 28% of its workforce, which is well above average in its sector. As a result of its having complied with workforce gender-equality criteria defined by İş Asset Management and the Center for Gender Studies at Koç University, Adel’s publicly-traded shares are quoted in the İstanbul stock exchange’s ISKDN index of companies that actively recruit women into their workforce and empower them to have more say in management.

Adel is committed to environmental awareness and responsibility as a key objective of its corporate mission. To achieve that objective, the company develops policies, systems, and processes that focus on environmental protection and climate change mitigation. Adel sets itself various targets to systematically manage fundamental environmental and climate-



related issues such as energy; greenhouse gas emissions and air pollution; water, sewage, and waste management; biodiversity conservation; and materials use. It also strives to constantly improve its performance in addressing these issues.

Adel, a manufacturer of durable, high-quality Faber-Castell branded products beloved by successive generations, has introduced its “Anatolian Heritage” line of pencils. These pencils promote environmental and biodiversity awareness among schoolchildren. The wooden casings of these products are decorated with drawings of Anatolian wildlife species that are threatened or endangered such as the reed cat (*Felis chaus*), the Anatolian mountain crane (*Grus grus archibaldii*), the loggerhead turtle (*Caretta caretta*), and the Anatolian ground squirrel (*Spermophilus xanthoprimum*).

Adel contributes to the realization of SDG 13 Climate Action and invests in the future by:

Planting trees through the Goodness Tree Afforestation project that it launched to mark the 100th observance of Turkey’s April 23 National Sovereignty and Children’s Day. This project helps to expand woodlands and ensure that they are passed on to future generations.

Using rainwater to water the grounds around its manufacturing plant and using wood shavings and sawdust from its pencil-manufacturing operations as a renewable fuel for generating half the electricity needed by the plant. This helps conserve water resources and supports the circular economy.

Using only wood harvested from trees certified by the Forest Stewardship Council

(FSC) Chain of Custody as having been raised for industrial purposes in the manufacture of pencils. This helps conserve the world’s forest resources and protects natural habitats.

As part of its efforts to deal with the climate crisis, Adel had its 2021 carbon footprint measured in accordance with the requirements of the ISO 14064-1:2018 standard governing greenhouse gas emissions measurement and reporting. In 2021, the combined carbon footprint of two locations (factory and warehouse) where Adel conducts its operations was found to be 20,420 tCO<sub>2</sub>e.

The publication of Adel’s 2022 sustainability report at the beginning of 2024 gave the company the opportunity to share its environmental, social, governance, and performance results with its stakeholders.

## renewable resources

Rainwater is collected and used to irrigate the grounds around Adel’s factory. This helps to conserve water resources. Wood shavings and sawdust from the factory’s pencil-manufacturing operations are used as a renewable fuel and generate half the electricity needed by the plant. This helps support circular economy practices.



## ESG INDICATORS\*

Environmental Data			
	2020	2021	2022
<b>Energy</b>			
Total Energy Consumption (KWH)	11,330,558	14,052,737	13,720,708
Natural Gas (KWH)	3,478,624	4,779,849	4,243,366
Electricity (KWH)	5,007,140	4,854,089	5,678,795
Energy Consumption per Product (KWH/piece)	0.01027	0.01341	0.01047
Energy Recovery (savings/electricity) (KWH)	109,000	6,805	150,000
<b>Emissions</b>			
Total annual emissions (kg)	3,211.20	4,795.39	4,572.75
Specific NOx Emission (Annual) (kg)	14,242.50	21,268.80	20,281.32
Specific SOx Emission (Annual) (kg)	724.50	1,108.80	1,057.32
Volatile organic compounds (VOC) emissions (Annual) (kg)	30,008.25	44,812.32	42,731.75
Particulate matter (PM) (Annual) (kg)	3,211.20	4,796.39	4,572.75
	48,204.45	71,985.31	68,643.14
<b>Water</b>			
Total Water Consumption (m <sup>3</sup> )	22,574	20,394	26,603
Well Water (m <sup>3</sup> )	22,574	20,394	24,916
<b>Waste</b>			
Total amount of hazardous waste (kg)	420,644	250,481	303,996
Total amount of non-hazardous waste (kg)	234,959	368,010	226,593
Waste recovery (waste/kg)	202,584	216,000	197,300

## Environmental Data

	2020	2021	2022
<b>Other Environmental Topics</b>			
Total Environmental Management Expenditure (TL)	322,336	1,781,279	2,057,228.07
Savings Achieved through Environmental Investments and Expenditures (TL)	X	33,592	X
Fines for Non-Compliance with Environmental Laws (Qty-TL)	0	0	0
Environmental Impact Complaints Submitted through Formal Mechanisms (Number)	0	0	0
Environmental Education (Hours)	322	279	972
Environmental Training (Number of Employees)	X	217	178

## OHS Data

	2020	2021	2022
Number of Work Accidents	16	14	17
Number of Major Work Accidents with Lost Working Days-Total	4	3	2
Number of Accidents with Lost Working Days	9	4	11
Days Lost in Work Accidents-Total	104	18	41.5

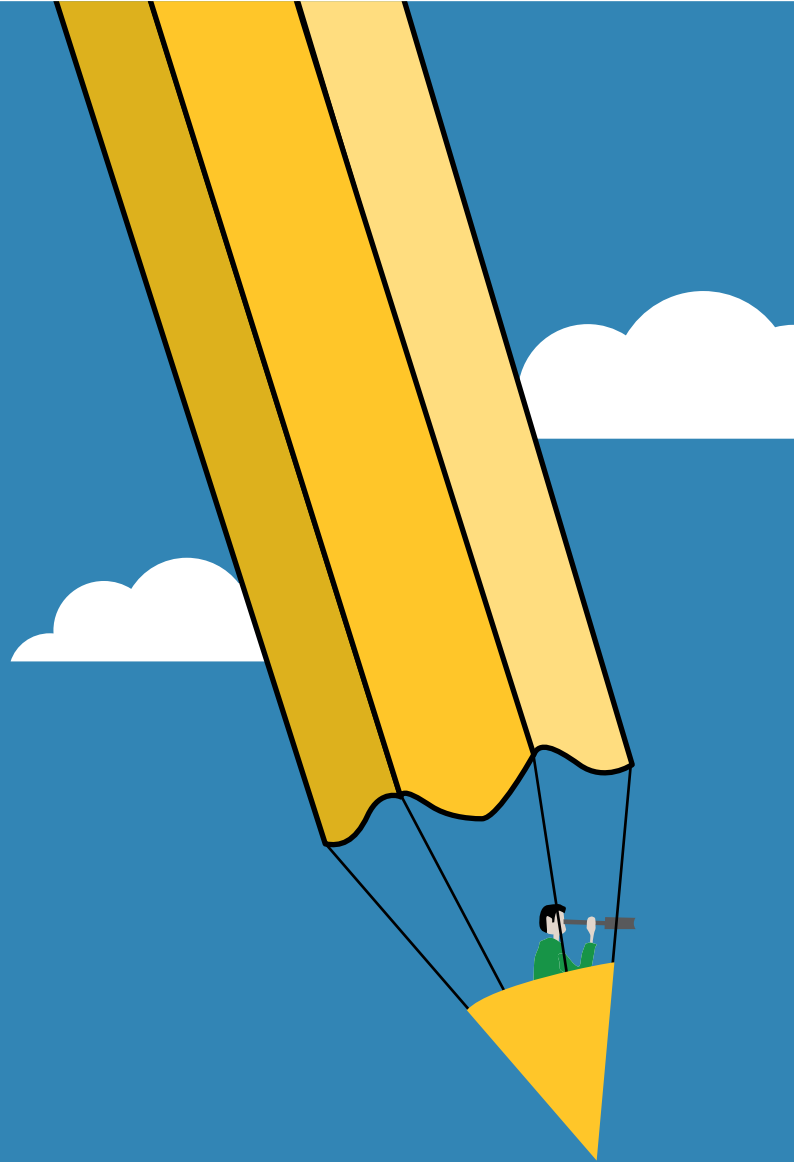
\*Source: 2022 Sustainability Report




## CORPORATE GOVERNANCE

### Socially-beneficial projects & undertakings

Since its inception, Adel has been committed to creating value and social benefit for all of its stakeholders in the conduct of its operations.





Adel's Goodness Tree Corporate Social Responsibility Program (CSR) supports socially-beneficial projects, especially those that contribute to the realization of two United Nations 2030 Sustainable Development Goals: Quality Education (SDG 4) and Climate Action (SDG 13).



# CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE STATEMENT

Adel Kalemcilik wholeheartedly embraces the Corporate Governance Principles published by the Capital Markets Board. The company strives to establish principles and structures that effectively cater to the interests of investors and all other stakeholder groups with whom it engages so as to ensure the best possible outcomes.

## 1. Corporate Governance Principles Compliance Statement

The company conducts all of its operations in accordance with applicable laws and regulations, including Capital Markets Board-mandated corporate governance principles (SPK KYI). During the 1 January 2023 to 31 December 2023 period covered by this report, Adel Kalemcilik complied with SPK Corporate Governance Communique II-17.1 dated 3 January 2014. This report provides information about the company's practices for each topic covered by the SPK communique during the reporting period. If any instances of non-compliance with those principles occurred, a reasoned explanation is provided. All conflicts of interest arising from non-compliance and any anticipated changes to the company's compliance practices are also fully disclosed. No conflicts of interest arising from any of the unresolved issues briefly mentioned in this report have been identified. The company's Corporate Governance Information Forms can be accessed on the Public Disclosure Platform by clicking the "Corporate Governance" button. The company's Corporate Governance Compliance Report can also be accessed on the Public Disclosure Platform by clicking the "Summary" button.

- As required by SPK KYI §4.6.5, annual reports publicly disclose the total salaries and other benefits paid to all members of the Adel Kalemcilik Board of Directors and to the company's senior executives. However, salaries and benefits are not disclosed on a individual basis.
- The company is currently not in compliance with SPK KYI 3.1.2 which requires all companies to publicly disclose a compensation policy for non-administrative/non-executive personnel.
- Although care is taken to avoid having directors serve on more than one board committee, as required by SPK KYI §4.5.5, some Adel Kalemcilik directors do in fact serve on more than one. The small number of board members, the limited number of independent directors, and the need to select committee members who are conversant with each committee's object and scope make this necessary.

Mehmet Ercan Kumcu Corporate Governance Committee Chairman	Mehmet Hurşit Zorlu Corporate Governance Committee Member
Recep Yılmaz Argüden Corporate Governance Committee Member	Fatih Çakıcı Corporate Governance Committee Member
İbrahim Tamer Haşimoğlu Corporate Governance Committee Member	

## ADDITIONAL INFORMATION ON CORPORATE GOVERNANCE

### I. SHAREHOLDERS

#### 2. Investor Relations Unit

Adel Kalemcilik's investor relations unit is headed by the financial affairs director. The other members of this unit are the reporting & investor relations manager and the accounting manager.

Adel Kalemcilik publicly discloses information about its financial results, performance, and other developments during each reporting period with shareholders, investors, brokerage firm research analysts, and other stakeholders through meetings and on its corporate website. The company promptly updates its website with any information or statements that may impact the exercise of shareholder rights.

The Adel Kalemcilik Board of Directors received the 2023 Corporate Governance Principles Compliance Report on 20 March 2024. The report included information about investor relations activities during the reporting period.

Company officers who are responsible for investor relations are identified below:

	YASEMEN GÜVEN ÇAYIREZMEZ	PELİN İSLAMOĞLU	FATİH ÇAKICI
	CFO	Reporting and Investor Relations Manager	Accounting Manager
	Investor Relations Unit Manager	Investor Relations Unit Officer	Investor Relations Unit Officer Capital Market Activities Advanced Level License: 208775
E-mail:	yasemen.cayirezmez@adel.com.tr	pelin.islamoglu@adel.com.tr	fatih.cakici@adel.com.tr
Phone:	+90 850 677 70 00	+90 850 677 70 00	+90 850 677 70 00
Fax:	+90 850 202 72 10	+90 850 202 72 10	+90 850 202 72 10

#### 3. Exercise of Shareholders' Right to Information

Adel Kalemcilik complies with its public disclosure policy when dealing with shareholders' requests for information. The company also promptly updates its website with any information or statements that may impact the exercise of shareholder rights. Additionally, Adel Kalemcilik treats all shareholders and investors equally by ensuring that its statements reach everyone simultaneously, accurately, and with the same information.

Shareholders' statutory rights to access information and to examine company records are not thwarted or limited by Adel Kalemcilik's articles of association or by the decisions of any company organ. The company has established all necessary mechanisms to ensure that shareholders are able to fully and comprehensively exercise these rights.

Adel Kalemcilik's articles of association do not state that a shareholder who has already exercised their right to obtain information or to conduct an audit on a specific issue and has not been satisfied may exercise this right at a general assembly of shareholders, even if the matter is not already on the agenda. However neither do they contain any provision that would make it difficult to obtain information or to conduct an audit on a specific issue; furthermore, the company's management refrains from taking any action that would do so. The company complies with the Turkish Commercial Code's applicable provisions on the exercise of shareholders' right to request a special audit. No shareholder requested the appointment of a special auditor in 2022.

## CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE STATEMENT

### 4. General Assembly of Shareholders Meetings

Adel Kalemcilik conducts its general meetings in accordance with SPK Corporate Governance Principles as set forth under the “General Assembly Meetings” rubric.

Adel Kalemcilik’s ordinary general meeting for 2022 was held on 13 April 2023, with a quorum of 17,077,152.399 shares corresponding to 72.28% of the 23,625,000 shares representing the company’s total share capital of TL 23,625,000.

The date, time, location, and agenda of Adel Kalemcilik’s 2023 annual general meeting were announced at least three weeks before the meeting date in accordance with SPK KYI and the company’s articles of association. The announcements were published in Türkiye Ticaret Sicili Gazetesi, in the nationally-circulating newspaper Dünya, and on the company’s website. Proxy forms were also made available on the corporate website to allow shareholders to participate in the meeting by proxy.

The minutes and attendance roster of the general meeting were published on the Public Disclosure Platform immediately after the meeting on the same day. All general meeting minutes and attendance rosters are also regularly published on the company’s corporate website.

In addition to statutorily-mandated information about general meetings (announcements, minutes, attendance rosters etc), Adel Kalemcilik also complies with SPK KYI by publicly disclosing other issues on its corporate website for the benefit of shareholders:

- The total number of shares and voting rights consistent with the company’s shareholding structure as of the date of the general meeting announcement was published on the corporate website.
- The meeting’s agenda, as required by law, included an item to elect a new board of directors. This item only stated that an election would be held at the meeting. However the General Assembly Information Document, which was prepared in compliance with SPK KYI and published on the corporate website, contained information about board member candidates. Affidavits that independent director candidates submitted to the Adel Kalemcilik Corporate Governance Committee declaring that they meet statutory, SPK KYI, and company independence criteria were also published on the corporate website.
- When preparing the general meeting agenda, each item was given a clear and descriptive heading. All agenda items were expressed unambiguously so as to avoid any misinterpretation. The agenda was explicitly worded and avoided the use of vague terms such as “other” or “miscellaneous”. All information provided about general meeting agenda items before the meeting was specific and pertinent to the item to which it referred.
- As of the date the general meeting agenda was finalized, no shareholders, the Capital Markets Board, or any other agency or organization with which the company interacts had submitted any written requests to have items included on the agenda.
- To increase shareholder attendance at general meetings, the meetings are arranged and conducted in a way that minimizes the cost and maximizes the convenience of attendance for all shareholders in a fair and equitable manner. The general meeting that took place in 2023 was held, fully in compliance with the provisions of the articles of association, at the company’s headquarters located at Fatih Sultan Mehmet Mahallesi Balkan Caddesi No 58 Buyaka E Blok 34771 Tepeüstü Ümraniye İstanbul.

- The presiding officer made sure that agenda items were communicated to all attendees in a neutral, detailed, clear, and comprehensible manner throughout the meeting. All shareholders were allowed to express their opinions and to ask questions on an equal footing. The presiding officer made sure that all questions from attendees, unless they involved trade secrets, were directly addressed and answered during the meeting. All questions asked during the general meeting held in 2023 were related to agenda items and were capable of being answered immediately. The company's corporate website at [www.adel.com.tr](http://www.adel.com.tr) has a section called "General Assembly of Shareholders" that includes all questions asked at general meetings and the answers given to them.
- The Adel Kalemcilik Board of Directors received no information which suggested that any insiders had used their knowledge of non-public information for personal gain or to benefit third parties in violation of SPK KYI §1.3.6 and which would have required disclosure to the general meeting.
- The Board of Directors and other relevant individuals, officers responsible for the preparation of financial statements, and company auditors were all present at meeting to provide information and answer questions about agenda items that required specific attention.
- Although the company's articles of association do not require it, all stakeholders, including media representatives, may attend general meetings albeit without the right to speak or vote. No media representatives or stakeholders other than company auditors attended the general meeting held in 2023.

#### **Material issues decided upon at the 13 April 2023 general meeting**

The company's general meeting to discuss 2022 results was held on 13 April 2023. As required by law, the company's 2022 annual report and general meeting agenda were made available for shareholders to inspect at the company's headquarters and on its corporate website on the same day that the meeting was announced. Material issues decided upon at the 13 April 2023 general meeting are summarized below.

- At the 2022 annual general meeting held on 13 April 2023, shareholders passed a resolution stating (1) that whereas the legal books of account for fiscal year 2022 show there is no distributable net profit for the reporting period according to the Profit Distribution Table prepared in accordance with Capital Markets Board Dividends Guide, a 31 December 2023 inflation-adjusted gross dividend of TL 19,801 is to be alternatively sourced from retained prior-year profits instead; (2) that shareholders who are resident taxpayers will receive a gross dividend of TL 0.8381 (76.2% dividend) and a net (after-tax) dividend of TL 0.7543 (68.58 % dividend) for each share of stock with a par value of TL 1.00 that they hold. Dividend payments began and were completed on 27 September 2023.
- Shareholders approved the selection of PwC Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik AŞ as the independent auditors of the company's 1 January 2023 to 31 December 2023 accounts and transactions.
- According to SPK Profit Distribution Communique II-19.1 §6, if a company's articles of association do not set a cap on charitable donations, shareholders must set one. Shareholders must also be provided with information about any donations that are actually made and this information must be presented at general meetings. In keeping with this requirement, shareholders were informed that a total of TL 15,575 thousand had been donated to tax-exempt foundations and charities in 2023 as provided for under article 39 of the company's articles of association.

The complete text of the minutes of this meeting was made public through a material event disclosure on the Public Disclosure Platform and on the corporate website.

## CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE STATEMENT

### 5. Voting Rights and Protection of Minority Shareholders

Every effort is made to ensure that shareholders are able to exercise their voting rights without difficulty. Systems and processes have been established to make it as easy and convenient as possible for all shareholders to exercise their voting rights, regardless of their location. Article 33 (“Electronic participation in general meetings”) of Adel Kalemcilik’s articles of association allows those who are entitled to participate in general meetings to vote electronically, subject to the provisions of Turkish Commercial Code §1527. Some shareholders and proxies who attended the 2022 general meeting online used the company’s TTK §1527-compliant electronic voting system to cast their votes.

No shares representing the company’s paid-in capital enjoy or confer any special rights or privileges. No shareholders have any cross-shareholding relationships with each other or with the company.

Although SPK KYI allows minority-shareholding rights to be granted to those who control less than one-twentieth of a publicly-traded company’s capital, Adel Kalemcilik’s articles of association do not expand these rights beyond those mandated by law..

### 6. Dividend Rights

All shareholders have equal rights to the distribution of the company’s profits.

Adel Kalemcilik distributes profits in accordance with the profit-distribution clause of its articles of association, subject always to the requirements of the Turkish Commercial Code, Capital Market Regulations, tax laws, and all other applicable laws, regulations, and administrative provisions. It is the company’s policy to distribute at least 50% of its annual distributable profits in the form of cash dividends and/or free shares. The company may deviate from this policy in special circumstances, such as when it needs to finance investments essential for long-term growth or when there are extraordinary developments in economic conditions. The Adel Kalemcilik Board of Directors passes a profit-distribution resolution for each accounting period that is presented to shareholders for approval during a general meeting. The general assembly sets the date for dividend payments to begin but this date must be before the end of the year in which the decision is made. Subject always to applicable laws and regulations, the company may decide to pay advances on dividends and/or to pay them in equal or unequal installments.

The company paid all dividends in 2023 within the legally required timeframe.

Adel Kalemcilik’s Profit Distribution Policy is published in its annual report and on its corporate website. The 2023 annual report contained detailed information about how 2022 profits were distributed.

### 7. Transfer of Shares

The company’s articles of association do not restrict the transfer of shares; likewise the company engages in no practices that might hinder the free transfer of shares.



## II. DISCLOSURE & TRANSPARENCY

### 8. Public Disclosure Policy

Adel Kalemcilik is committed to fully complying with Capital Markets Board Corporate Governance Principles pertaining to public disclosures and transparency. The company has adopted and published a public disclosure policy that covers all disclosures made to the public other than those required by law. This policy covers all aspects of public disclosure such as what information may be disclosed, who may disclose it, how often, and in what ways; how often company directors and officers may meet with media representatives; the frequency of public information meetings; and guidelines for responding to questions directed to the company.

Adel Kalemcilik publicly discloses all company-related information on the Public Disclosure Platform ([www.kap.gov.tr](http://www.kap.gov.tr)) and on its corporate website in accordance with SPK KYI. The company's public statements are designed to help people make informed decisions. All information is provided in a clear, concise, and easy-to-understand manner; is accurate, complete, and up-to-date; and is conveniently and affordably accessible to all.

Adel Kalemcilik also uses the e-YÖNET platform to directly and effectively interact with its shareholders and investors. This platform was developed by the Central Registry Agency and provides a secure and convenient way for Adel Kalemcilik to communicate with its stakeholders.

In 2023, Adel Kalemcilik published 35 material event disclosures conforming to SPK regulations. All announcements were made in a timely manner on the Public Disclosure Platform and on the company's corporate website.

The Adel Kalemcilik Financial Affairs Department is responsible for ensuring compliance with the company's public disclosure policy. It does this in coordination with the Adel Kalemcilik Corporate Governance Committee. Detailed information about policy-compliance officers and their roles may be found in the "Investor Relations Unit" section of this report.

The company publishes an annual report that discloses its year-end financial results along with expectations for the next year and the assumptions and data on which those expectations are based. If the assumptions and data used to create expectations for the year are not met, or if it is clear that they will not be met, the company releases updated expectations to the public through interim reports. These reports include explanations for the changes in expectations.

The Adel Kalemcilik Public Disclosure Policy is published on the company's corporate website.

### 9. Corporate Website & Content

Adel Kalemcilik's corporate website is located at [www.adel.com.tr](http://www.adel.com.tr). The company makes active use of this website and updates its information frequently. All information on the corporate website is complete, coherent, and self-explanatory. The information is also consistent with the company's legally-mandated material event disclosures. The corporate website's address is included in the company's letterhead. Complete information about the website is provided in §2.1 ("Corporate website") of the corporate governance principles compliance report. An English-language version of Adel Kalemcilik's website is accessible from [www.adel.com.tr](http://www.adel.com.tr), however information about investor relations is not currently available in that language.

### 10. Annual Reports

The company's annual reports provide readers with accurate and complete information about the company's activities and operations. They are prepared with sufficient detail to do so. Annual reports contain information required by law and SPK KYI, as well as information published in §2.2.2 of the company's corporate governance principles compliance reports..

## CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE STATEMENT

### 11. Informing Stakeholders

A company's stakeholders are any individuals, organizations, or groups that have a stake or interest in the company's goals or activities. Stakeholders include a wide range of entities such as employees, customers, suppliers, shareholders, investors, government agencies, communities, and more. Adel Kalemcilik takes steps to protect the statutorily or contractually defined rights of stakeholders with whom it interacts. In situations where stakeholders' rights are not explicitly defined by statute or contract, the company makes a good-faith effort to uphold those rights to the best of its ability. Adel Kalemcilik has implemented all necessary mechanisms to comply with SPK KYI in its dealings with stakeholders.

Although SPK KYI §3.1.2 requires organizations to formulate an employee compensation policy and publicly disclose it, the company has not yet done so.

The company is committed to maintaining stakeholder satisfaction by promptly resolving issues involving employees and other stakeholders. Adel Consultation Line (0850 224 2335) has been in operation since 2013 and is open seven days a week from 08:00 to 20:00. Incoming calls are answered promptly and resolved within designated timeframes by appropriate department personnel.

The company ensures that its internal stakeholders (employees, suppliers, customers, consumers) are kept informed about matters of concern to them in various ways and through various channels. External stakeholders are informed about matters of concern to them by company officers through such means as annual reports, in-person meetings, trade fairs, and school and university campus events.

The company also organizes employee development programs, which include classroom training, e-learning, on-the-job training, and knowledge-sharing.

The Adel Kalemcilik Corporate Governance Committee has established reporting mechanisms for stakeholders to use to report non-compliant or unethical behavior by the company to the committee and to the Audit Committee. The Audit Committee is also responsible for determining whether or not management has established a system conforming to the committee's business-conduct rules and ethical standards. The Audit Committee additionally reviews whether management monitors the company's compliance with business-conduct rules and ethical standards, conducts abuse risk assessments, and provides training on abuse, business-conduct rules, and ethical standards.

### 12. Stakeholder Participation in Management

Adel Kalemcilik solicits stakeholders' opinions on decisions that may affect them and considers them. The company uses market research, polls, meetings, and other methods to learn stakeholders' thoughts about the company and its products and services.

Employees may submit value-adding ideas to management through the Bi-Fikir system on the Anadolu Group Innovation Portal. They may also submit ideas or requests for improvements in human resources management processes through the regularly-conducted Adel Kalemcilik Employee Loyalty Survey.

Complaints or requests received from customers, suppliers, or consumers through the Adel Consultation Line are responded to and resolved within designated timeframes by appropriate department personnel.

All customer and supplier information that is in the nature of a trade secret is held in the strictest confidence.

### 13. Human Resources Policy

The company's human resources policy and associated practices are fully compliant with SPK KYI 3.3. ("Human Resources Policy of the Corporation").

Adel Kalemcilik regards compliance with its human resources policy as one of its most basic goals and strategies. This is a policy which does not discriminate based on race, nationality, gender, or religion and which takes pride in the differences and abilities of its employees and sees them as an opportunity for its own development as a company. The company invests in employees' self-improvement and takes care to provide personnel with a safe workplace environment while respecting their rights under laws and regulations. The company invests in people and emphasizes training and development for personnel at every level that prepare them better for the future. Adel Kalemcilik aims to provide equal opportunities for all employees in such areas as recruitment, hiring, compensation, training, benefits, and career progression. It also prioritizes employee satisfaction and needs.

The company's relationship with its blue-collar workers is governed by a collective bargaining agreement. This agreement provides for three union representatives (a chief and two assistants) to act as intermediaries between the company and union members at the factory. These representatives are responsible for communicating the demands, complaints, and problems of blue-collar workers to the employer in a manner that complies with the law and the terms of the collective bargaining agreement. They also represent employees before the employer in matters related to health & safety and disciplinary issues and likewise follow up on and finalize the results of all actions taken. Four employees are elected by their peers to serve on the factory's workplace health & safety committee. All the four serve as regular members.

Adel Kalemcilik has a procedure in place for employees to directly contact management with requests or complaints. No employee has filed a discrimination complaint. Women make up about 28% of the company's workforce; about 30% of its managers are women.

Employees can access all job descriptions through the company's intranet. Performance reviews are conducted through an online system. Evaluation and reward criteria, along with expectations, are communicated to employees at the beginning of each year.

### 14. Ethical Guidelines & Social Responsibility

Adel Kalemcilik's strong commitment to ethical behavior is in line with the long-standing corporate culture of its parent company, Anadolu Holding. Adel Kalemcilik's ethical guidelines and principles are available on the company's website. Society, nature, the environment, national values, customs, and traditions are all respected. The company publicly discloses all material information about its management, finances, and exposure to legal risks in a timely, accurate, comprehensive, understandable, analyzable, and easily-accessible manner. This information is disclosed in a way that takes the rights and interests of both the company and its stakeholders into account. All transactions and decisions made by the company comply with the laws of the Republic of Turkey. The company fulfills all legal obligations towards the environment and community of its locality without fail. Every year the company donates substantial quantities of school and stationary supplies to local schools, governments, and public authorities to be given to disadvantaged students.

## CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE STATEMENT

### IV. BOARD OF DIRECTORS

#### 15. Structure & Composition of the Board of Directors

Adel Kalemcilik's articles of association state that the company's business and affairs are to be overseen by a board of directors with a minimum of seven and a maximum of thirteen members. The current board has 13 members, with one chair and one deputy chair.

#### Information about Duties Performed outside the Company by Members of the Board of Directors and Managers

Board of Directors	Position	Duties outside the company
TUNCAY ÖZİLHAN	Chairman of the Board of Directors	Chairman of AG Anadolu Grubu Holding A.Ş.; Chairman and Vice Chairman of the Boards of Directors of Anadolu Group Companies
KAMİLHAN SÜLEYMAN YAZICI	Vice Chairman of the Board of Directors	Vice Chairman, Member of the Boards of Directors of Anadolu Group Companies Vice Chairman of Kamil Yazıcı Yönetim ve Danışma A.Ş.
TUĞBAN İZZET AKSOY	Member of the Board of Directors	Member of the Boards of Directors of Anadolu Group Companies Membership in the Turkish Industry and Business Association (TÜSİAD) and the Union of Chambers and Commodity Exchanges of Türkiye (TOBB ) energy groups Member of the Boards of Directors of Turkish Jockey Club Honorary Consulate of Georgia
EFE YAZICI	Member of the Board of Directors	Member of the Boards of Directors of Anadolu Group Companies General Manager of Ant Gıda A.Ş. Member of the Boards of Directors of Billurtuz
MEHMET HURŞİT ZORLU	Member of the Board of Directors	CEO of Anadolu Group Member of the Boards of Directors of Anadolu Group Companies Chairman of the Board of Directors of ARGE Danışmanlık AŞ & Rothschild Türkiye
RECEP YILMAZ ARGÜDEN	Member of the Board of Directors	Member of the Boards of Directors of Anadolu Group Companies, Akkök Holding, DeFacto, Kocaer Demir Çelik and TAB Food Investments Vice President of the Turkish Basketball Federation Chairman of Advisory Board of Argüden Governance Academy
İBRAHİM TAMER HAŞİMOĞLU	Member of the Board of Directors	Member of the Board of Directors in many companies including Anadolu Group and Koç Group. Member of the Board of Trustees of the Turkish Industry and Business Association (TÜSİAD) and Hisar Education Foundation (HEV).
STEPHAN ROSEN	Member of the Board of Directors	European Sales Director of Faber-Castell Vertrieb GmbH General Manager of Faber-Castell France, Faber-Castell Italy, Faber-Castell Scandinavia
MEHMET ERCAN KUMCU	Member of the Board of Directors	Independent Member of the Boards of Directors of AG Anadolu Grubu Holding A.Ş. Chairman of the Board of Directors of the Tekfen Foundation for Education, Health, Culture, Art, and Protection of Natural Resources (Tekfen Foundation) Member of the Boards of Directors of Hallesche Mitteldeutsche Bau - A.G. (HMB)
ALİ GALİP YORGANCIOĞLU	Member of the Board of Directors	Served as a Member of the Boards of Directors of AG Anadolu Grubu Holding A.Ş. Member of the Boards of Directors of Adel Kalemcilik Tic. ve San. A.Ş. and Coca Cola İçecek A.Ş.
TAYFUN BAYAZIT	Member of the Board of Directors	Member of the Boards of Directors of Anadolu Group Companies, Chairman of the Board of Directors of Marsh McLennan Türkiye, Taaleri Portföy, MB (Mediobanca) Advisory Kurumsal Danışmanlık Hizmetleri, Primist Gayrimenkul Geliştirme ve Yatırım Member of the Boards of Directors of Marsh (Italy) S.p.A. and Bereket Enerji Independent Member of the Boards of Directors of Medical Park MLP Sağlık Hizmetleri AŞ and Boyner Perakende
İZZET KARACA	Member of the Board of Directors	Member of the Boards of Directors of AG Anadolu Grubu Holding A.Ş. and Adel Kalemcilik Tic. ve Sanayi A.Ş. Advisor to the Boards of Directors of Defcato

Board members' resumes, including their outside duties, are available on the company's website. The company does not have specific rules governing board members' extramural roles or duties, but SPK KYI regulations are followed in such matters.

The company's articles of association require the Board of Directors to elect a new chair and deputy chair annually. The chair is responsible for overseeing board meetings, for ensuring that discussions are conducted in an orderly manner, and for having minutes kept of all discussions.

The company's articles of association define the powers of the board's chair and members and of senior executives. No one in the company has been granted the authority to make unlimited decisions on their own.

SPK KYI §4.3 ("Structure of the Board of Directors") states that a majority of board members must be non-executive directors, at least four of whom must be independent directors. The Adel Kalemcilik Board of Directors satisfies these requirements.

Under SPK KYI §4.5.1, if the structure or size of a board does not allow for a separate nomination committee, the company's corporate governance committee is to serve as a nomination committee instead. In its capacity as a nomination committee, the Adel Kalemcilik Corporate Governance Committee individually reviewed the independent director candidacies of Mehmet Ercan Kumcu, Ali Galip Yorgancioğlu İzzet Karaca and Tayfun Bayazit to determine if they met SPK KYI independence criteria. Finding that each did, the committee submitted its opinion and approval to the Adel Kalemcilik Board of Directors on 7 April 2023. The signed affidavits previously submitted by each candidate to the Corporate Governance Committee, stating that they conform to the independence criteria of laws and regulations, SPK KYI, and the company's articles of association, are presented in Appendix 2.

An information document was published simultaneously with the general meeting announcement, listing the independent director candidates and providing information about each candidate, including their resumes. Shareholders approved the appointment of these independent directors for a one-year term each, effective as of 13 April 2023.

All members of the Adel Kalemcilik Board of Directors are non-executive directors. The company's articles of association requires directors to be elected for one-year terms of office. Directors may be reelected.

None of the members of the Adel Kalemcilik Board of Directors is female.

## **16. Board of Directors Operating Principles**

The Adel Kalemcilik Board of Directors is responsible for administering the company in a transparent, accountable, fair, responsible, and SPK KYI-compliant manner.

The Adel Board of Directors is responsible for maintaining effective communication between the company and its shareholders and for addressing and resolving disputes that may arise. It does this by working closely with the Corporate Governance Committee and the Investor Relations Unit.

During the reporting period, five board meetings were held in person. All of the meetings were made with full attendance of the 11 members. Meetings to discuss the company's monthly results were announced at the beginning of the reporting period. Other meeting dates were announced two days beforehand by the director of communications secretariat. All meetings were held with the full participation of 11 members.

Minutes are kept of all board meetings and proceedings as required by SPK KYI. Board meetings discuss recent performance and current developments as well as future growth plans, strategies for dealing with



## CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE STATEMENT

competitors, matters touching upon the company's human resources organizational structure, and other topics. Board minutes of purely commercial decisions are not publicly disclosed until all related matters have been decided, as doing so might otherwise lead to speculation and business losses. However, all decisions related to material events are publicly disclosed as required by SPK KYI.

As required by SPK KYI, a majority of the company's independent directors must approve all board decisions involving related-party transactions.

### 17. Number, Structure & Independence of Board of Directors Committees

SPK KYI §4.5.1 mandates the establishment of separate audit, corporate governance, nomination, and remuneration committees within boards of directors to enable the boards to perform their duties and fulfill their responsibilities effectively. The same article also says that if the composition of a board is such as to preclude the formation of separate nomination and remuneration committees, then the corporate governance committee is to perform those functions instead.

Audit, corporate governance, and risk committees have been duly formed within the Adel Kalemcilik Board of Directors. The functions of the two committees which have not been formed are carried out by the Corporate Governance Committee as permitted by SPK KYI.

Under SPK KYI §4.5.2, a board of directors is responsible for determining duties, working principles, and members of board committees and for publicly disclosing these matters. On 15 March 2013 the Adel Kalemcilik approved a regulation conforming to the requirements of SPK KYI that defined the duties and working principles of the Risk Committee. Regulations governing the duties and working principles of the audit and corporate governance committees were revised on 28 March 2014. All such regulations and changes in them are publicly disclosed on the company's corporate website at [www.adel.com.tr](http://www.adel.com.tr).

SPK KYI §4.5.3 says that all audit committee members and the chairs of other board committees must be independent directors. On 7 April 2023, the Adel Kalemcilik Board of Directors elected board-committee chairs and members to serve one-year terms of office. As required by SPK KYI, the company's CEO is not a member of any board committee.

Information about Adel Kalemcilik Board of Directors committees is provided in the accompanying chart.

Audit Committee	Corporate Governance Committee	Early Detection of Risk Committee
Mehmet Ercan Kumcu- Chairman	Mehmet Ercan Kumcu- Chairman	Ali Galip Yorgancioğlu- Chairman
Ali Galip Yorgancioğlu- Member	Mehmet Hurşit Zorlu- Member	Tuğban İzzet Aksoy- Member
	İbrahim Tamer Haşimoğlu- Member	İzzet Karaca- Member
	Recep Yılmaz Argüden- Member	
	Fatih Çakıcı- Member	

	Independent Member	Executive Duties
<b>Audit Committee</b>		
Mehmet Ercan Kumcu- Chairman	Yes	No
Ali Galip Yorgancıoğlu- Member	Yes	No
<b>Corporate Governance Committee</b>		
Mehmet Ercan Kumcu- Chairman	Yes	No
Mehmet Hurşit Zorlu- Member	No	No
İbrahim Tamer Haşimoğlu- Member	No	No
Recep Yılmaz Argüden- Member	No	No
Fatih Çakıcı- Member	No	No
<b>Early Detection of Risk Committee</b>		
Ali Galip Yorgancıoğlu- Chairman	Yes	No
Tuğban İzzet Aksoy- Member	No	No
İzzet Karaca- Member	Yes	No

Board committee chairs and members are nominated and elected taking into account the issues of the size of the Adel Kalemcilik boards of directors, the limited number of independent directors, and the need to select committee members who are conversant with each committee's object and scope

The Adel Kalemcilik Board of Directors' assessment of the working principles and effectiveness of board committees is presented in Appendix 1 of the Corporate Governance Compliance Report.

## 18. Risk Management & Internal Control Mechanisms

The Adel Kalemcilik Board of Directors has established a risk committee to identify and assess risks that could jeopardize the company's existence, development, and continuity. This committee takes steps to mitigate these risks and to manage them effectively. The Risk Committee meets as needed to perform its duties effectively but must convene at least twice a year. The committee regularly reports its activities, meeting agendas and decisions, and recommendations to the full board.

Adel Kalemcilik has established a Risk Management & Internal Control System (RMIC). The company's management is responsible for the operation and control of the RMIC. The chief financial officer (CFO) provides guidance and assurance on matters pertaining to the RMIC and reports directly to the Risk Committee.

Adel Kalemcilik senior executives identify significant opportunities and threats that may arise in the course of the company's operations and they manage both in line with the company's appetite for risk. They do this in the context of an overall Adel Kalemcilik Corporate Risk Management Framework. This is a systematic and disciplined process that has been created within the company to determine Adel Kalemcilik's business strategies. The process is informed by all of the company's personnel and informs all of the company's practices.

The Corporate Risk Management Framework ensures that both potential risks to the realization of the company's goals and those risks which are most in need of attention are communicated to management in a coordinated manner. High-priority risks and action plans for mitigating them are submitted to the Risk Committee, which reviews and presents them to the full board. This process is also fully integrated into all of the company's strategic business plans.

## CORPORATE GOVERNANCE PRINCIPLES COMPLIANCE STATEMENT

The company manages risks in a variety of ways as highlighted below.

- Performance and risk indicators are used as an early warning system for tracking risks and taking necessary measures in a timely manner. The SAP system, which is integrated into all company processes, is an effective technological decision support system deployed for this purpose.
- Operational processes and results are monitored in real time. This helps prevent human error while also increasing the effectiveness of risk-detection and internal control. An advanced internal communication system makes it possible to intervene and come up with solutions in the least amount of time.
- Effective business-continuity, crisis, and insurance management processes are used to prevent or mitigate losses arising from force majeure risks and from risks (such as supply chain problems) that might disrupt the conduct of business and production.
- The company invests in backup systems to protect its data and primary systems from unforeseen events.
- Environmental factors and extraordinary situations are constantly monitored and investigated to identify their causes. Measures to minimize risk are continuously implemented.

The Adel Kalemcilik Internal Audit Department has formulated a risk-based auditing plan. The department regularly reviews the company's risk management and internal control system in accordance with the plan and reports to company management and to the Audit Committee any issues that could potentially jeopardize:

- The accuracy and reliability of financial and operational information
- The company's operational effectiveness and efficiency
- The wellbeing of company assets
- The company's legal, regulatory, or contractual compliance.

The company's operational and management processes are certified as compliant with the ISO 9001 Quality, ISO 14001 Environmental, ISO 45001 Occupational Health & Safety, ISO 50001 Energy Management, and ISO 27001 Information Security Management standards. In 2022, the company made its processes even more robust by qualifying for Business Social Compliance (BSCI) Social Compliance and Zero Waste certifications.

Adel Kalemcilik meticulously complies with all occupational health & safety and environmental laws and regulations. The company has obtained all mandatory emissions, discharge quality control, noise, vibration, odor, waste management, and other environmental-safety licenses and permits. It continuously monitors compliance with the terms of these licenses and permits through internal audits.

### 19. The Company's Strategic Objectives

The Adel Kalemcilik Board of Directors has created corporate mission and vision statements. Both statements are publicly disclosed on the company's corporate website.

#### Adel Kalemcilik corporate vision statement

To be part of the life of everyone who wants to shape, colorful of their own dreams and leave a mark in future..

**Adel Kalemcilik corporate mission statement**

To be an international company that supplies high-quality, innovative products and services, is socially and environmentally responsible, and is ethical in its behavior.

**Adel Kalemcilik corporate values statement**

- Quality
- Innovation
- Goodness
- Success

The Adel Kalemcilik Board of Directors manages and represents the company with a mindfulness for the company's long-term interests. Taking a rational and prudent approach to risk management, the board makes strategic decisions with the aim of striking the right balance between risk, growth, and return. The board is also responsible for achieving the company's operational and financial performance targets. Managers formulate annual budgets and business plans and submit them to the board, which approves and authorizes their implementation. Managers also submit monthly budget and business plan performance reports, which the board reviews and assesses.

**20. Financial Rights**

Non-independent directors do not receive any fees or other benefits. At the 2022 general meeting held on 13 April 2023, shareholders voted to pay each independent director a net annual fee of TL 504,000, to be paid in equal monthly installments in order to preserve their independence. No other fees or benefits are paid to board members. Adel Kalemcilik complies with the SPK KYI §4.6.5 requirement to publicly disclose all remuneration and other benefits provided to board members and senior executives in its annual reports. However, the company reports these amounts on a collective rather than individual basis.

The company has implemented strict policies to ensure that no board member or senior executive receives any loans or credit from the company. This includes not extending loan terms, improving loan conditions, and providing indirect loans or credit in the form of cash or guarantees through third parties.

SPK KYI §4.6.2 requires companies to have a written policy on board member and executive remuneration. This policy must be published on the company's website and presented as a separate agenda item at general meetings. Shareholders must be given the opportunity to express their opinions about the policy. Adel Kalemcilik complies with SPK KYI §4.6.2 and publicly discloses its Remuneration Policy on its corporate website at [www.adel.com.tr](http://www.adel.com.tr).

Adel Kalemcilik does not have a board-level remuneration committee. Instead, the Corporate Governance Committee performs the duties of a remuneration committee. This is permitted by SPK KYI.

# CORPORATE GOVERNANCE COMPLIANCE REPORT

	Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
<b>1.1. FACILITATING THE EXERCISE OF SHAREHOLDER RIGHTS</b>						
1.1.2- Up-to-date information and disclosures which may affect the exercise of shareholder rights are available to investors at the corporate website.	X					
<b>1.2. RIGHT TO OBTAIN AND REVIEW INFORMATION</b>						
1.2.1 - Management did not enter into any transaction that would complicate the conduct of special audit.	X					
<b>1.3. GENERAL ASSEMBLY</b>						
1.3.2 - The company ensures the clarity of the General Assembly agenda, and that an item on the agenda does not cover multiple topics.	X					
1.3.7 - Insiders with privileged information have informed the board of directors about transactions conducted on their behalf within the scope of the company's activities in order for these transactions to be presented at the General Shareholders' Meeting.					X	There is nobody who has privileged access to shareholding information.
1.3.8 - Members of the board of directors who are concerned with specific agenda items, auditors, and other related persons, as well as the officers who are responsible for the preparation of the financial statements were present at the General Shareholders' Meeting.	X					
1.3.10 - The agenda of the General Shareholders' Meeting included a separate item detailing the amounts and beneficiaries of all donations and contributions.	X					
1.3.11 - The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak.	X					
<b>1.4. VOTING RIGHTS</b>						
1.4.1 - There is no restriction preventing shareholders from exercising their shareholder rights.	X					
1.4.2 - The company does not have shares that carry privileged voting rights.	X					
1.4.3 - The company withholds from exercising its voting rights at the General Shareholders' Meeting of any company with which it has cross-ownership, in case such					X	There are no cross-ownership relations within our Company's capital.



	Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
<b>1.5. MINORITY RIGHTS</b>						
1.5.1 - The company pays maximum diligence to the exercise of minority rights.	X					
1.5.2 - The Articles of Association extend the use of minority rights to those who own less than one twentieth of the outstanding shares, and expand the scope of the minority rights.			X			Minority interests have not been determined as lower than one twentieth of the capital as per the Articles of Association and provisions of Commercial Code and CMB are applied for minority interests for matters which are not specified in the Articles of Association.
<b>1.6. DIVIDEND RIGHT</b>						
1.6.1 - The dividend policy approved by the General Shareholders' Meeting is posted on the company website.	X					
1.6.2 - The dividend distribution policy comprises the minimum information to ensure that the shareholders can have an opinion on the procedure and principles of dividend distributions in the future.	X					
1.6.3 - The reasons for retaining earnings, and their allocations, are stated in the relevant agenda item.					X	Dividend was distributed.
1.6.4 - The board reviewed whether the dividend policy balances the benefits of the shareholders and those of the company.	X					
<b>1.7. TRANSFER OF SHARES</b>						
1.7.1 - There are no restrictions preventing shares from being transferred.	X					
<b>2.1. CORPORATE WEBSITE</b>						
2.1.1. - The company website includes all elements listed in Corporate Governance Principle 2.1.1.	X					
2.1.2 - The shareholding structure (names, privileges, number and ratio of shares, and beneficial owners of more than 5% of the issued share capital) is updated on the website at least every 6 months.	X					
2.1.4 - The company website is prepared in other selected foreign languages, in a way to present exactly the same information with the Turkish content.			X			The Company has a web site in English, however not all the content in Turkish has been included in the English web site.
<b>2.2. ANNUAL REPORT</b>						
2.2.1 - The board of directors ensures that the annual report represents a true and complete view of the company's activities.	X					
2.2.2 - The annual report includes all elements listed in Corporate Governance Principle 2.2.2.	X					

## CORPORATE GOVERNANCE COMPLIANCE REPORT

	Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
<b>3.1. CORPORATION'S POLICY ON STAKEHOLDERS</b>						
3.1.1- The rights of the stakeholders are protected pursuant to the relevant regulations, contracts and within the framework of bona fides principles.	X					
3.1.3 - Policies or procedures addressing stakeholders' rights are published on the company's website.		X				Some of the policies or procedures addressing stakeholders' rights are published on the company's website.
3.1.4 - A whistleblowing program is in place for reporting legal and ethical issues.	X					
3.1.5 - The company addresses conflicts of interest among stakeholders in a balanced manner.	X					
<b>3.2. SUPPORTING THE PARTICIPATION OF THE STAKEHOLDERS IN THE CORPORATION'S MANAGEMENT</b>						
3.2.1 - The Articles of Association or the internal regulations (terms of reference/ manuals), regulate the participation of employees in management.			X			There are no provisions at the Articles of Association regulating participation of employees in management but it is regulated by the Company's internal practices and applications.
3.2.2 - Surveys/other research techniques, consultation, interviews, observation method etc. were conducted to obtain opinions from stakeholders on decisions that significantly affect them.			X			Obtaining opinions from stakeholders on decisions that significantly affect them is adopted as a principle. Accordingly, the Company shows effort to obtain stakeholders' opinions considering factors such as time constraints and nature of the decision.
<b>3.3. HUMAN RESOURCES POLICY</b>						
3.3.1 - The company has adopted an employment policy ensuring equal opportunities, and a succession plan for all key managerial positions.	X					
3.3.2 - Recruitment criteria are documented.	X					
3.3.3 - The company has a policy on human resources development, and organizes trainings for employees.	X					
3.3.4 - Meetings have been organized to inform employees on the financial status of the company, remuneration, career planning, education and health.		X				Employees are being informed from time to time, however for specific matters meetings are held for only executive management level.
3.3.5 - Employees, or their representatives, were notified of decisions impacting them. The opinion of the related trade unions was also taken.	X					
3.3.6 - Job descriptions and performance criteria have been prepared for all employees, announced to them and taken into account to determine employee remuneration.	X					

	Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
3.3.7 - Measures (procedures, trainings, raising awareness, goals, monitoring, complaint mechanisms) have been taken to prevent discrimination, and to protect employees against any physical, mental, and emotional mistreatment.	X					
3.3.8 - The company ensures freedom of association and supports the right for collective bargaining.	X					
3.3.9 - A safe working environment for employees is maintained.	X					
<b>3.4. RELATIONS WITH CUSTOMERS AND SUPPLIERS</b>						
3.4.1 - The company measured its customer satisfaction, and operated to ensure full customer satisfaction.	X					
3.4.2 - Customers are notified of any delays in handling their requests.	X					
3.4.3 - The company complied with the quality standards with respect to its products and services.	X					
3.4.4 - The company has in place adequate controls to protect the confidentiality of sensitive information and business secrets of its customers and suppliers.	X					
<b>3.5. ETHICAL RULES AND SOCIAL RESPONSIBILITY</b>						
3.5.1 - The board of the corporation has adopted a code of ethics, disclosed on the corporate website.	X					
3.5.2 - The company has been mindful of its social responsibility and has adopted measures to prevent corruption and bribery.	X					
<b>4.1. ROLE OF THE BOARD OF DIRECTORS</b>						
4.1.1 - The board of directors has ensured strategy and risks do not threaten the long-term interests of the company, and that effective risk management is in place.	X					
4.1.2 - The agenda and minutes of board meetings indicate that the board of directors discussed and approved strategy, ensured resources were adequately allocated, and monitored company and management performance.	X					
<b>4.2. ACTIVITIES OF THE BOARD OF DIRECTORS</b>						
4.2.1 - The board of directors documented its meetings and reported its activities to the shareholders.	X					
4.2.2 - Duties and authorities of the members of the board of directors are disclosed in the annual report.		X				Although it was stated in the annual report that the board of directors are in compliance with the duties and authorities in accordance with the Turkish Commercial Code, there is no detailed information about the regulation.

## CORPORATE GOVERNANCE COMPLIANCE REPORT

	Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
4.2.3 - The board has ensured the company has an internal control framework adequate for its activities, size and complexity.	X					
4.2.4 - Information on the functioning and effectiveness of the internal control system is provided in the annual report.	X					
4.2.5 - The roles of the Chairman and Chief Executive Officer are separated and defined.	X					
4.2.7 - The board of directors ensures that the Investor Relations department and the corporate governance committee work effectively. The board works closely with them when communicating and settling disputes with shareholders.	X					
4.2.8 - The company has subscribed to a Directors and Officers liability insurance covering more than 25% of the capital.	X					
<b>4.3. STRUCTURE OF THE BOARD OF DIRECTORS</b>						
4.3.9 - The board of directors has approved the policy on its own composition, setting a minimal target of 25% for female directors. The board annually evaluates its composition and nominates directors so as to be compliant with the policy.			X			There is no policy at the board of directors setting a minimal target of 25% for female directors.
4.3.10 - At least one member of the audit committee has 5 years of experience in audit/accounting and finance.	X					
<b>4.4. BOARD MEETING PROCEDURES</b>						
4.4.1 - Each board member attended the majority of the board meetings in person.	X					
4.4.2 - The board has formally approved a minimum time by which information and documents relevant to the agenda items should be supplied to all board members.	X					
4.4.3 - The opinions of board members that could not attend the meeting, but did submit their opinion in written format, were presented to other members.		X				As a principle, the opinions of board members that cannot attend the meeting, but submit their opinion in written format, are presented to other members. However, there were no cases of submission of written opinions in practice yet.
4.4.4 - Each member of the board has one vote.	X					
4.4.5 - The board has a charter/written internal rules defining the meeting procedures of the board.	X					
4.4.6 - Board minutes document that all items on the agenda are discussed, and board resolutions include director's dissenting opinions if any.	X					

	Compliance Status					Explanation
	Yes	Partial	No	Exempted	Not Applicable	
4.4.7 - There are limits to external commitments of board members. Shareholders are informed of board members' external commitments at the General Shareholders' Meeting.		X				There are no limits to external commitments of board members. Those external commitments of board members are presented to shareholders at the General Assembly and through KAP (Public Disclosure Platform).
<b>4.5. BOARD COMMITTEES</b>						
4.5.5 - Board members serve in only one of the Board's committees.			X			Board members serve in more than one committee due to the number of board members.
4.5.6 - Committees have invited persons to the meetings as deemed necessary to obtain their views.					X	Committees can invite persons to the meetings as deemed necessary to obtain their views, however no cases of this type were realized.
4.5.7 - If external consultancy services are used, the independence of the provider is stated in the annual report.					X	There has been no need for external consultancy for the activities of the Committees. Information required will be presented in the annual report in case of such a service obtained.
4.5.8 - Minutes of all committee meetings are kept and reported to board members.	X					
<b>4.6. FINANCIAL RIGHTS</b>						
4.6.1 - The board of directors has conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively.			X			There are no performance evaluations.
4.6.4 - The company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favor of them.	X					
4.6.5 - The individual remuneration of board members and executives is disclosed in the annual report.		X				Salaries, premiums and similar benefits for executive management are disclosed as a total in the annual report, no individual disclosure was provided.



# CORPORATE GOVERNANCE INFORMATION FORM

1. SHAREHOLDERS	
<b>1.1. Facilitating the Exercise of Shareholders Rights</b>	
The number of investor meetings (conference, seminar/etc.) organised by the company during the year	None.
<b>1.2. Right to Obtain and Examine Information</b>	
The number of special audit request(s)	None.
The number of special audit requests that were accepted at the General Shareholders' Meeting	None.
<b>1.3. General Assembly</b>	
Link to the PDP announcement that demonstrates the information requested by Principle 1.3.1. (a-d)	<a href="https://www.kap.org.tr/tr/Bildirim/1137647">https://www.kap.org.tr/tr/Bildirim/1137647</a>
Whether the company provides materials for the General Shareholders' Meeting in English and Turkish at the same time	Not provided
The links to the PDP announcements associated with the transactions that are not approved by the majority of independent directors or by unanimous votes of present board members in the context of Principle 1.3.9	In the context of Principle 1.3.9, there are no transactions that are not approved by the majority of independent directors or by unanimous votes of present board members.
The links to the PDP announcements associated with related party transactions in the context of Article 9 of the Communiqué on Corporate Governance (II-17.1)	In the context of Article 9 of the Communiqué on Corporate Governance, there are no related party transactions.
The links to the PDP announcements associated with common and continuous transactions in the context of Article 10 of the Communiqué on Corporate Governance (II-17.1)	<a href="https://www.kap.org.tr/tr/Bildirim/1127171">https://www.kap.org.tr/tr/Bildirim/1127171</a>
The name of the section on the corporate website that demonstrates the donation policy of the company	Our policy for donations and aids is included in Articles of Association and but not additionally disclosed at our web site.
The relevant link to the PDP with minute of the General Shareholders' Meeting where the donation policy has been approved	<a href="https://www.kap.org.tr/tr/Bildirim/1137647">https://www.kap.org.tr/tr/Bildirim/1137647</a>
The number of the provisions of the articles of association that discuss the participation of stakeholders to the General Shareholders' Meeting	Resolved at the Articles 32 and 33 of the Articles of Association.
Identified stakeholder groups that participated in the General Shareholders' Meeting, if any	Other than shareholders, auditors and employees from the Company attended the 2023 General Assembly. There are no limitations for the participation of stakeholders to the general Assembly.
<b>1.4. Voting Rights</b>	
Whether the shares of the company have differential voting rights	No.
In case that there are voting privileges, indicate the owner and percentage of the voting majority of shares	There are no voting privileges.
The percentage of ownership of the largest shareholder	56.89%
<b>1.5. Minority Rights</b>	
Whether the scope of minority rights enlarged (in terms of content or the ratio) in the articles of the association	No
If yes, specify the relevant provision of the articles of association.	None.
<b>1.6. Dividend Right</b>	
The name of the section on the corporate website that describes the dividend distribution policy.	<a href="https://www.adel.com.tr/tr/yatirimci-iliskileri/ticaret-sicili-bilgileri/kar-dagitim-politikasi-ve-temettu-bilgisi">https://www.adel.com.tr/tr/yatirimci-iliskileri/ticaret-sicili-bilgileri/kar-dagitim-politikasi-ve-temettu-bilgisi</a>
Minutes of the relevant agenda item in case the board of directors proposed to the general assembly not to distribute dividends, the reason for such proposal and information as to use of the dividend.	At the 2022 Ordinary General Assembly held in 2023, profit distribution proposal was presented by the board of directors and it was approved.
PDP link to the related general shareholder meeting minutes in case the board of directors proposed to the general assembly not to distribute dividends	<a href="https://www.kap.org.tr/tr/Bildirim/1137647">https://www.kap.org.tr/tr/Bildirim/1137647</a>

## General Assembly Meetings

General Meeting Date	The number of information requests received by the company regarding the clarification of the agenda of the General Shareholders' Meeting	Shareholder participation rate to the General Shareholders' Meeting	Percentage of shares directly present at the GSM	Percentage of shares represented by proxy	Specify the name of the page of the corporate website that contains the General Shareholders' Meeting minutes, and also indicates for each resolution the voting levels for or against	Specify the name of the page of the corporate website that contains all questions asked in the general assembly meeting and all responses to them	The number of the relevant item or paragraph of General Shareholders' Meeting minutes in relation to related party transactions	The number of declarations by insiders received by the board of directors	The link to the related PDP general shareholder meeting notification
13.04.2023	0	81.23%	8.94794%	72.28%	Information can be reached at Adel Kalemcilik corporate web site under Investor Relations / Trade Registry Information / General Assemblies and Proxy Statements.	Information can be reached at Adel Kalemcilik corporate web site under Investor Relations / Trade Registry Information / General Assemblies and Proxy Statements	14	105	<a href="https://www.kap.org.tr/tr/Bildirim/1137647">https://www.kap.org.tr/tr/Bildirim/1137647</a>

## 2. DISCLOSURE AND TRANSPARENCY

### 2.1. Corporate Website

Specify the name of the sections of the website providing the information requested by the Principle 2.1.1.	Investor Relations
If applicable, specify the name of the sections of the website providing the list of shareholders (ultimate beneficiaries) who directly or indirectly own more than 5% of the shares	At our Corporate web site and KAP General Information- Capital and Shareholding Structure Information.
List of languages for which the website is available	Turkish - English

### 2.2. Annual Report

#### The page numbers and/or name of the sections in the Annual Report that demonstrate the information requested by principle 2.2.2.

a) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the duties of the members of the board of directors and executives conducted out of the company and declarations on independence of board members	Duties of the members of the board of directors and executives conducted out of the company are disclosed in the Annual Report > Corporate Governance > IV Board of Directors > 15. Structure and Establishment of the Board of Directors. Declarations on independence of board members are stated in the Annual Report > Declarations of Independence of Independent Board Members on page 104.
b) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on committees formed within the board structure	Under the topic: Annual Report > Corporate Governance > IV Board of Directors > 17. Number, structure and Independence of Committees Established within the Board of Directors.
c) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the number of board meetings in a year and the attendance of the members to these meetings	Under the topic: Annual Report > Corporate Governance > IV Board of Directors > 16. Operating Principles of the Board of Directors.
ç) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on amendments in the legislation which may significantly affect the activities of the corporation	There were no amendments in the legislation which may significantly affect the activities of the Company.
d) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on significant lawsuits filed against the corporation and the possible results thereof	Under the topic: Annual Report > Financial Statements and Independent Auditor's Report > Note 13 Provisions, Contingent Assets and Liabilities.
e) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the conflicts of interest of the corporation among the institutions that it purchases services on matters such as investment consulting and rating and the measures taken by the corporation in order to avoid from these conflicts of interest	Investment consulting and rating services are not obtained.
f) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the cross ownership subsidiaries that the direct contribution to the capital exceeds 5%	There are no cross-ownerships.
g) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on social rights and professional training of the employees and activities of corporate social responsibility in respect of the corporate activities that arises social and environmental results	Under the topic: Annual Report > Report on Corporate Governance > 14. Principles of Ethics and Social Responsibility

## CORPORATE GOVERNANCE INFORMATION FORM

<b>3. STAKEHOLDERS</b>	
<b>3.1. Corporation's Policy on Stakeholders</b>	
The name of the section on the corporate website that demonstrates the employee remedy or severance policy	None.
The number of definitive convictions the company was subject to in relation to breach of employee rights	None.
The position of the person responsible for the alert mechanism (i.e. whistleblowing mechanism)	CEO
The contact detail of the company alert mechanism	etik@adel.com.tr
<b>3.2. Supporting the Participation of the Stakeholders in the Corporation's Management</b>	
Name of the section on the corporate website that demonstrates the internal regulation addressing the participation of employees on management bodies	None.
Corporate bodies where employees are actually represented	Labor Union
<b>3.3. Human Resources Policy</b>	
The role of the board on developing and ensuring that the company has a succession plan for the key management positions	Appointments to key management positions in this context are evaluated at the board of directors' level.
The name of the section on the corporate website that demonstrates the human resource policy covering equal opportunities and hiring principles. Also provide a summary of relevant parts of the human resource policy.	Included under Human Resources / Human Resources Practices at our corporate web site.
Whether the company provides an employee stock ownership programme	There is no employee stock ownership programme.
The name of the section on the corporate website that demonstrates the human resource policy covering discrimination and mistreatments and the measures to prevent them. Also provide a summary of relevant parts of the human resource policy.	Included under Human Resources / Human Resources Practices at our corporate web site.
The number of definitive convictions the company is subject to in relation to health and safety measures	None.
<b>3.5. Ethical Rules and Social Responsibility</b>	
The name of the section on the corporate website that demonstrates the code of ethics	Included under Human Resources / Human Resources Practices at our corporate web site.
The name of the section on the company website that demonstrates the corporate social responsibility report. If such a report does not exist, provide the information about any measures taken on environmental, social and corporate governance issues.	There is no social responsibility report, but there are policies under the Sustainability topic.
Any measures combating any kind of corruption including embezzlement and bribery	Included at our web site, under the section Sustainability/ Governance/ Business Ethics and Combatting Against Corruption and Bribery.

4. BOARD OF DIRECTORS-I	
4.2. Activity of the Board of Directors	
Date of the last board evaluation conducted	None.
Whether the board evaluation was externally facilitated	None.
Whether all board members released from their duties at the GSM	Yes
Name(s) of the board member(s) with specific delegated duties and authorities, and descriptions of such duties	None.
Number of reports presented by internal auditors to the audit committee or any relevant committee to the board	Four
Specify the name of the section or page number of the annual report that provides the summary of the review of the effectiveness of internal controls	Included in Annual Report Corporate Governance > IV Board of Directors > 18. Risk Management and Control Mechanisms.
Name of the Chairman	Tuncay Özilhan
Name of the CEO	Oğuz Uçanlar
If the CEO and Chair functions are combined: provide the link to the relevant PDP announcement providing the rationale for such combined roles	Not combined
Link to the PDP notification stating that any damage that may be caused by the members of the board of directors during the discharge of their duties is insured for an amount exceeding 25% of the company's capital	<a href="https://www.kap.org.tr/tr/Bildirim/1248962">https://www.kap.org.tr/tr/Bildirim/1248962</a>
The name of the section on the corporate website that demonstrates current diversity policy targeting women directors	None.
The number and ratio of female directors within the Board of Directors	None.

## CORPORATE GOVERNANCE INFORMATION FORM

### Composition of Board of Directors

Name, Surname of Board Member	Whether Executive Director or Not	Whether Independent Director or Not	The First Election Date to Board	Link to PDP Notification That Includes the Independency Declaration	Whether the Independent Director Considered by the Nomination Committee	Whether She/He is the Director Who Ceased to Satisfy the Independence or Not	Whether the Director Has at Least 5 Years' Experience on Audit, Accounting and/or Finance or Not
TUNCAY ÖZILHAN	Non-executive	Not independent director	30.03.1987	-	Not considered	No	Yes
KAMİLHAN SÜLEYMAN YAZICI	Non-executive	Not independent director	03.04.2014	-	Not considered	No	Yes
TUĞBAN İZZET AKSOY	Non-executive	Not independent director	05.04.2018	-	Not considered	No	Yes
EFE YAZICI	Non-executive	Not independent director	13.04.2017	-	Not considered	No	Yes
MEHMET HURŞİT ZORLU	Non-executive	Not independent director	01.01.2020	-	Not considered	No	Yes
RECEP YILMAZ ARGÜDEN	Non-executive	Not independent director	13.04.2023	-	Not considered	No	Yes
STEPHAN LEO ROSEN	Non-executive	Not independent director	13.04.2023	-	Not considered	No	Yes
İBRAHİM TAMER HAŞİMOĞLU	Non-executive	Not independent director	27.04.2022	-	Not considered	No	Yes
MEHMET ERCAN KUMCU	Non-executive	Independent director	13.04.2023	<a href="https://www.kap.org.tr/tr/Bildirim/1148433">https://www.kap.org.tr/tr/Bildirim/1148433</a>	Considered	No	Yes
İZZET KARACA	Non-executive	Independent director	13.04.2023	<a href="https://www.kap.org.tr/tr/Bildirim/1148433">https://www.kap.org.tr/tr/Bildirim/1148433</a>	Considered	No	Yes
TAYFUN BAYAZIT	Non-executive	Independent director	13.04.2023	<a href="https://www.kap.org.tr/tr/Bildirim/1148433">https://www.kap.org.tr/tr/Bildirim/1148433</a>	Considered	No	Yes
ALİ GALİP YORGANCIOĞLU	Non-executive	Independent director	13.04.2023	<a href="https://www.kap.org.tr/tr/Bildirim/1148433">https://www.kap.org.tr/tr/Bildirim/1148433</a>	Considered	No	Yes

#### 4. BOARD OF DIRECTORS-III

##### 4.5. Board Committees-II

Specify where the activities of the audit committee are presented in your annual report or website (Page number or section name in the annual report/website)	Included in Annual Report Corporate Governance > IV Board of Directors > 17. Number, structure and independence of committees established within the Board of Directors.
Specify where the activities of the corporate governance committee are presented in your annual report or website (Page number or section name in the annual report/website)	Included in Annual Report Corporate Governance > IV Board of Directors > 17. Number, structure and independence of committees established within the Board of Directors.
Specify where the activities of the nomination committee are presented in your annual report or website (Page number or section name in the annual report/website)	None.
Specify where the activities of the early detection of risk committee are presented in your annual report or website (Page number or section name in the annual report/website)	Included in Annual Report Corporate Governance > IV Board of Directors > 17. Number, structure and independence of committees established within the Board of Directors.
Specify where the activities of the remuneration committee are presented in your annual report or website (Page number or section name in the annual report/website)	None.



<b>4.6. Financial Rights</b>	
Specify where the operational and financial targets and their achievement are presented in your annual report (Page number or section name in the annual report)	Annual Report > Financial Performance
Specify the section of website where remuneration policy for executive and non-executive directors are presented.	Included under Human Resources / Human Resources Practices at our corporate web site.
Specify where the individual remuneration for board members and senior executives are presented in your annual report (Page number or section name in the annual report)	Annual Report > Page 31

### Composition of Board Committees II

Names of the Board Committees	Name of committees defined as "Other" in the first column	The Percentage of Non-executive Directors	The Percentage of Independent Directors in the Committee	The Number of Meetings Held in Person	The Number of Reports on Its Activities Submitted to the Board
Corporate Governance Committee	-	100%	100%	4	4
Audit Committee	-	100%	20%	4	4
Committee of Early Detection of Risk	-	100%	50%	4	6

# SUSTAINABILITY PRINCIPLES COMPLIANCE FRAMEWORK

		COMPANY COMPLIANCE STATUS				EXPLANATION	REPORT INFORMATION ON PUBLICLY DISCLOSED INFORMATION (Page number, menu name on the website)
		YES	PARTIAL	NO	NOT APPLICABLE		
<b>A. GENERAL PRINCIPLES</b>							
<b>A1. Strategy, Policy and Goals</b>							
A1.1	The prioritized environmental, social and corporate governance (ESG) issues, risks and opportunities have been determined by the Company's Board of Directors.	X				Environmental, social and corporate risks and opportunities have been determined and detailed in the sustainability report.	<a href="http://www.adel-world.com/en/sustainability/sustainability-reports">http://www.adel-world.com/en/sustainability/sustainability-reports</a> Page 32
	The ESG policies (Environmental Policy, Energy Policy, Human Rights and Employee Policy etc.) have been created and disclosed to the public by the Company's Board of Directors.	X				Environment, Energy and Climate Policy is determined by the company and It was announced to the public via the website.	<a href="http://www.adel-world.com/en/company/environment-climate">http://www.adel-world.com/en/company/environment-climate</a>
A1.2	The short and long-term targets set within the scope of ESG policies have been disclosed to the public.	X				The company has set short and long-term goals in line with its sustainability policy and strategies.	<a href="http://www.adel-world.com/en/sustainability/sustainability-reports">http://www.adel-world.com/en/sustainability/sustainability-reports</a> Page 30-31
<b>A2. Implementation/Monitoring</b>							
A2.1	The responsible committees and/or business units for the implementation of ESG policies and the senior officials related to ESG issues in the Company and their duties have been identified and disclosed to the public.	X				A Sustainability Committee has been established by the company and the duties and authorities of the individuals have been determined. Committee members are shared on the company website.	
	The activities carried out within the scope of policies by the responsible committee and/or unit have been reported to the Board of Directors at least once a year.	X				The work of the sustainability committee continues.	<a href="http://www.adel-world.com/en/sustainability/sustainability-reports">http://www.adel-world.com/en/sustainability/sustainability-reports</a> Pages 24-25
A2.2	In line with the ESG targets, the implementation and action plans have been formed and disclosed to the public.	X				The company has determined and published its goals within the scope of sustainability reporting in 2023.	<a href="http://www.adel-world.com/en/sustainability/sustainability-reports">http://www.adel-world.com/en/sustainability/sustainability-reports</a> Page 30-31

		COMPANY COMPLIANCE STATUS				EXPLANATION	REPORT INFORMATION ON PUBLICLY DISCLOSED INFORMATION (Page number, menu name on the website)
		YES	PARTIAL	NO	NOT APPLICABLE		
A2.3	The Key ESG Performance Indicators (KPI) and the level of reaching these indicators have been disclosed to the public on yearly basis.	X				Environmental, social and governance key performance indicators for the 2020-2021-2022 years have been published in the sustainability report.	<a href="http://www.adel-world.com/en/sustainability/sustainability-reports">http://www.adel-world.com/en/sustainability/sustainability-reports</a> Page 118-135
A2.4	The activities for improving the sustainability performance of the business processes or products and services have been disclosed to the public.	X				Actions on products and services are detailed in the report.	<a href="http://www.adel-world.com/en/sustainability/sustainability-reports">http://www.adel-world.com/en/sustainability/sustainability-reports</a> Pages 52-57
<b>A3. Reporting</b>							
A3.1	The information about the sustainability performance, targets and actions have been given in annual reports of the Company an understandable, accurate and sufficient manner.	X				Information regarding sustainability performance, targets and actions are partially included in our annual report, and our work on the targets continues in detail. It is detailed in our Sustainability Report for 2022.	
A3.2	The information about activities which are related to the United Nations (UN) 2030 Sustainable Development Goals have been disclosed to the public.	X				Under the "Goodness Tree" initiative, nourished by the value of kindness at our core, we engage in corporate social responsibility projects focused on climate action and quality education. These projects align with the United Nations' Sustainable Development Goals for 2030 and aim to benefit society. March 2023 Activity Report includes the projects we have undertaken in this context.	

## SUSTAINABILITY PRINCIPLES COMPLIANCE FRAMEWORK

		COMPANY COMPLIANCE STATUS				EXPLANATION	REPORT INFORMATION ON PUBLICLY DISCLOSED INFORMATION (Page number, menu name on the website)
		YES	PARTIAL	NO	NOT APPLICABLE		
A3.3	The lawsuits filed and/or concluded against the Company about ESG issues which are material in terms of ESG policies and/or will significantly affect the Company's activities, have been disclosed to the public.			X		Among the lawsuits filed and/or concluded against the company, those deemed necessary/important are disclosed on KAP.	Adel Kalemciik 2023 Auditor's Report- Page: 39 <a href="http://www.adel-world.com/en/investor-relations/financial-reports">http://www.adel-world.com/en/investor-relations/financial-reports</a>
<b>A4. Verification</b>							
A4.1	The Company's Key ESG Performance metrics have been verified by an independent third party and publicly disclosed.	X				2022 Sustainability report has been approved by GRI.	<a href="http://www.adel-world.com/en/sustainability/sustainability-reports">http://www.adel-world.com/en/sustainability/sustainability-reports</a>
<b>B. ENVIRONMENTAL PRINCIPLES</b>							
B1	The policies and practices, action plans, environmental management systems (known by the ISO 14001 standard) and programs have been disclosed.	X				Adel has ISO 14001 Environmental Management System certificate. We mention the ISO 14001 Environmental Management System in our annual activity report.	<a href="http://www.adel-world.com/en/sustainability/sustainability-reports">http://www.adel-world.com/en/sustainability/sustainability-reports</a> Pages 64-83
B2	The environmental reports prepared to provide information on environmental management have been disclosed to the public which is including the scope, reporting period, reporting date and limitations about the reporting conditions.	X				Details are included in our 2022 Sustainability report.	<a href="http://www.adel-world.com/en/sustainability/sustainability-reports">http://www.adel-world.com/en/sustainability/sustainability-reports</a> Pages 4-5
B4	The environmental targets within the scope of performance incentive systems which included in the rewarding criteria have been disclosed to the public on the basis of stakeholders (such as members of the Board of Directors, managers and employees).	X				Details are included in our 2022 Sustainability report.	<a href="http://www.adel-world.com/en/sustainability/sustainability-reports">http://www.adel-world.com/en/sustainability/sustainability-reports</a> Page 30-31

		COMPANY COMPLIANCE STATUS				EXPLANATION	REPORT INFORMATION ON PUBLICLY DISCLOSED INFORMATION (Page number, menu name on the website)
		YES	PARTIAL	NO	NOT APPLICABLE		
B5	How the prioritized environmental issues have been integrated into business objectives and strategies has been disclosed.	X				Details are included in our 2022 Sustainability report.	<a href="http://www.adel-world.com/en/sustainability/sustainability-reports">http://www.adel-world.com/en/sustainability/sustainability-reports</a> Pages 64-83
B7	The way of how environmental issues has been managed and integrated into business objectives and strategies throughout the Company's value chain, including the operational process, suppliers and customers has been disclosed.	X				Details are included in our 2022 Sustainability report.	<a href="http://www.adel-world.com/en/sustainability/sustainability-reports">http://www.adel-world.com/en/sustainability/sustainability-reports</a> Pages 88-89
B8	Whether the Company have been involved to environmental related organizations and non-governmental organizations' policy making processes and collaborations with these organizations has been disclosed.	X				Being an approved and global supplier of UNICEF is proof of our social sustainability.	<a href="http://www.adel-world.com/en/sustainability/sustainability-reports">http://www.adel-world.com/en/sustainability/sustainability-reports</a>
B9	In the light of environmental indicators (Greenhouse gas emissions (Scope-1 (Direct), Scope-2 (Energy indirect), Scope-3 (Other indirect), air quality, energy management, water and wastewater management, waste management, biodiversity impacts)), information on environmental impacts is periodically disclosed to the public in a comparable manner.	X				Details are included in our 2022 Sustainability report.	<a href="http://www.adel-world.com/en/sustainability/sustainability-reports">http://www.adel-world.com/en/sustainability/sustainability-reports</a> Pages 74-75-134-135
B10	Details of the standard, protocol, methodology, and baseline year used to collect and calculate data has been disclosed.	X				Details are included in our 2022 Sustainability report.	<a href="http://www.adel-world.com/en/sustainability/sustainability-reports">http://www.adel-world.com/en/sustainability/sustainability-reports</a> Pages 75



## SUSTAINABILITY PRINCIPLES COMPLIANCE FRAMEWORK

		COMPANY COMPLIANCE STATUS				EXPLANATION	REPORT INFORMATION ON PUBLICLY DISCLOSED INFORMATION (Page number, menu name on the website)
		YES	PARTIAL	NO	NOT APPLICABLE		
B11	The increase or decrease in Company's environmental indicators as of the reporting year has been comparatively disclosed with previous years.	X				Environmental indicators; It is compared in the sustainability report as 2020-2021-2022	<a href="http://www.adel-world.com/en/sustainability/sustainability-reports">http://www.adel-world.com/en/sustainability/sustainability-reports</a> Pages 134-135
B12	The short and long-term targets for reducing the environmental impacts have been determined and the progress compared to previous years' targets has been disclosed.	X				Details are included in our 2022 Sustainability report.	<a href="http://www.adel-world.com/en/sustainability/sustainability-reports">http://www.adel-world.com/en/sustainability/sustainability-reports</a> Pages 30-31
B13	A strategy to combat the climate crisis has been created and the planned actions have been publicly disclosed.	X				Details are included in our 2022 Sustainability report.	<a href="http://www.adel-world.com/en/sustainability/sustainability-reports">http://www.adel-world.com/en/sustainability/sustainability-reports</a> Pages 30-31
B14	The programs/ procedures to prevent or minimize the potential negative impact of products and/or services on the environment have been established and disclosed.		X			Our company's R&D activities include studies to prevent and minimize the potential effects of products on the environment. Our comprehensive work on sustainability reporting continues. Details are included in our 2022 Sustainability report.	<a href="http://www.adel-world.com/en/sustainability/sustainability-reports">http://www.adel-world.com/en/sustainability/sustainability-reports</a>
	The actions to reduce greenhouse gas emissions of third parties (suppliers, subcontractors, dealers, etc.) have been carried out and disclosed.			X		Our company has initiated sustainability efforts and continues to do so.	

		COMPANY COMPLIANCE STATUS				EXPLANATION	REPORT INFORMATION ON PUBLICLY DISCLOSED INFORMATION (Page number, menu name on the website)
		YES	PARTIAL	NO	NOT APPLICABLE		
B15	The environmental benefits/gains and cost savings of initiatives/projects that aims reducing environmental impacts have been disclosed.	X				Our company shared the savings it achieved regarding the energy efficiency studies it implemented in its sustainability report.	<a href="http://www.adel-world.com/en/sustainability/sustainability-reports">http://www.adel-world.com/en/sustainability/sustainability-reports</a> Pages 70-71
B16	The data related to energy consumption (natural gas, diesel, gasoline, LPG, coal, electricity, heating, cooling, etc.) has been disclosed as Scope-1 and Scope-2.	X				Adel has released carbon footprint report and provided details in the 2022 sustainability report.	<a href="http://www.adel-world.com/en/sustainability/sustainability-reports">http://www.adel-world.com/en/sustainability/sustainability-reports</a> Pages 74-75
B17	The information related to production of electricity, heat, steam and cooling as of the reporting year has been disclosed.	X				Details about the use of renewable energy are given in the 2022 sustainability report.	<a href="http://www.adel-world.com/en/sustainability/sustainability-reports">http://www.adel-world.com/en/sustainability/sustainability-reports</a> Pages 70-71
B18	The studies related to increase the use of renewable energy and transition to zero/low carbon electricity have been conducted and disclosed.	X				Details about the use of renewable energy are given in the 2022 sustainability report.	<a href="http://www.adel-world.com/en/sustainability/sustainability-reports">http://www.adel-world.com/en/sustainability/sustainability-reports</a> Pages 70-71
B19	The renewable energy production and usage data has been publicly disclosed.			X			
B20	The Company conducted projects about energy efficiency and the amount of reduction on energy consumption and emission achieved through these projects have been disclosed.	X				Details about the energy efficiency studies are given in the 2022 sustainability report.	<a href="http://www.adel-world.com/en/sustainability/sustainability-reports">http://www.adel-world.com/en/sustainability/sustainability-reports</a> Pages 70-71
B21	The water consumption, the amount, procedures and sources of recycled and discharged water from underground or above ground (if any), have been disclosed.	X				Details about water consumption are disclosed in the 2022 sustainability report.	<a href="http://www.adel-world.com/en/sustainability/sustainability-reports">http://www.adel-world.com/en/sustainability/sustainability-reports</a> Pages 82-83

## SUSTAINABILITY PRINCIPLES COMPLIANCE FRAMEWORK

		COMPANY COMPLIANCE STATUS				EXPLANATION	REPORT INFORMATION ON PUBLICLY DISCLOSED INFORMATION (Page number, menu name on the website)
		YES	PARTIAL	NO	NOT APPLICABLE		
B22	The information related to whether Company's operations or activities are included in any carbon pricing system (Emissions Trading System, Cap & Trade or Carbon Tax).			X			
B23	The information related to accumulated or purchased carbon credits within the reporting period has been disclosed.			X			
B24	If carbon pricing is applied within the Company, the details have been disclosed.			X			
B25	The platforms where the Company discloses its environmental information have been disclosed.	X				Details are included in our 2022 Sustainability report.	<a href="http://www.adel-world.com/en/sustainability/sustainability-reports">http://www.adel-world.com/en/sustainability/sustainability-reports</a>
<b>C. SOCIAL PRINCIPLES</b>							
<b>C1. Human Rights and Employee Rights</b>							
C1.1	The Institutional Human Rights and Employee Rights Policy has been established in the light of the Universal Declaration of Human Rights, ILO Conventions ratified by Turkey and other relevant legislation. The policy and the officials that responsible for the implementation of it have been determined and disclosed.	X				The company has established its Human Rights and Employee Rights policy within the scope of Business Ethics Principles and Nonconformity Notification Regulation.	

		COMPANY COMPLIANCE STATUS				EXPLANATION	REPORT INFORMATION ON PUBLICLY DISCLOSED INFORMATION (Page number, menu name on the website)
		YES	PARTIAL	NO	NOT APPLICABLE		
C1.2	Considering the effects of supply and value chain, fair workforce, improvement of labor standards, women's employment and inclusion issues (gender, race, religion, language, marital status, ethnic identity, sexual orientation, gender identity, family responsibilities, union activities, political opinion, disability, social and cultural differences, etc., such as non-discrimination) are included in its policy on employee rights.	X				Language, race, color, gender, political opinion, belief, religion, sect, age, and physical disability do not have any impact on our remuneration criteria; on the contrary, we try to ensure that all employees are evaluated with the remuneration they deserve in accordance with their skills and performance by taking care not to include such discriminatory factors in our evaluation system.	
C1.3	The measures taken for the minority rights/ equality of opportunity or the ones who are sensitive about certain economic, environmental, social factors (low income groups, women, etc.) along the supply chain have been disclosed.	X				The company has established its Human Rights and Employee Rights policy within the scope of Business Ethics Principles and Nonconformity Notification Regulation.	
C1.4	The developments regarding preventive and corrective practices against discrimination, inequality, human rights violations, forced and child labor have been disclosed.	X				Our company has a "Child Abuse Prevention Policy", "Discrimination and Harassment Prevention Policy" and "Forced Labor Policy" and is available on our website.	

## SUSTAINABILITY PRINCIPLES COMPLIANCE FRAMEWORK

		COMPANY COMPLIANCE STATUS				EXPLANATION	REPORT INFORMATION ON PUBLICLY DISCLOSED INFORMATION (Page number, menu name on the website)
		YES	PARTIAL	NO	NOT APPLICABLE		
C1.5	Investments in employees (education, development policies), compensation, fringe benefits, right to unionize, work/life balance solutions and talent management are included in the employee rights policy.	X				The company supports the development of employees who play a key role in achieving its strategic goals. It contributes to existing talents gaining new competencies that will help them adapt to the requirements of the age. Employees are offered fringe benefits such as private health insurance service and gift certificates, which they can also include their families.	
	The mechanism for employee complaints and resolution of disputes have been established and related solution processes have been determined.	X				The company's dispute resolution processes are explained in detail in the Ethics Policy. All employees have the opportunity to directly reach the management in accordance with the Employee Request and Complaint Procedure, and their non-compliance with ethical principles can be reported to the Adel Kalemcilik Ethics Line. All notifications can be reported to the Ethics Committee via the e-mail address etik@adel.com.tr, or anonymously if they wish. "	<a href="http://www.adel-world.com/en/investor-relations/annual-reports">http://www.adel-world.com/en/investor-relations/annual-reports</a>
	The activities carried out within the reporting period which related to ensure employee satisfaction have been disclosed.	X				Employee loyalty and satisfaction are among the company's priorities. Employee satisfaction and loyalty surveys are conducted periodically within the company.	



		COMPANY COMPLIANCE STATUS				EXPLANATION	REPORT INFORMATION ON PUBLICLY DISCLOSED INFORMATION (Page number, menu name on the website)
		YES	PARTIAL	NO	NOT APPLICABLE		
C1.6	The occupational health and safety policies have been established and disclosed.	X				Adel has an Occupational Health and Safety Policy. Additionally, the company is ISO 45001 certified.	
	The measures taken for protecting health, preventing occupational accidents and related statistics have been disclosed.	X				Adel has an Occupational Health and Safety Policy. Additionally, the company is ISO 45001 certified. Accident statistics and measures taken are given in the 2022 sustainability report.	
C1.7	The personal data protection and data security policies have been established and disclosed.	X				The company discloses its policy regarding the protection and security of personal data to the public on its website.	
C1.8	The ethics policy have been established and disclosed.	X				The company explains its ethical rules in its Ethics Policy document and shares them publicly on its website. "	
C1.9	The studies related to social investment, social responsibility, financial inclusivity and access to finance have been explained.			X		in progress	

## SUSTAINABILITY PRINCIPLES COMPLIANCE FRAMEWORK

		COMPANY COMPLIANCE STATUS				EXPLANATION	REPORT INFORMATION ON PUBLICLY DISCLOSED INFORMATION (Page number, menu name on the website)
		YES	PARTIAL	NO	NOT APPLICABLE		
C1.10	The informative meetings and training programs related to ESG policies and practices have been organized for employees.	X				Our Environment, Energy and Climate Policy has been determined by the Company and is publicly available on its website. Informational meetings and training sessions have been held on the subject, and training periods are given in the sustainability report.	<a href="http://www.adel-world.com/en/sustainability/sustainability-reports">http://www.adel-world.com/en/sustainability/sustainability-reports</a> Page 135
<b>C2. Stakeholders, International Standards and Initiatives</b>							
C2.1	The customer satisfaction policy regarding the management and resolution of customer complaints has been prepared and disclosed.	X				Customer satisfaction is among the priority issues of our company, and customer call center and similar services are provided in order to ensure customer satisfaction.	
C2.2	The information about the communication with stakeholders (which stakeholder, subject and frequency) have been disclosed.	X				The 2022 sustainability report was examined under the title of stakeholder interaction.	<a href="http://www.adel-world.com/en/sustainability/sustainability-reports">http://www.adel-world.com/en/sustainability/sustainability-reports</a> Pages 26-27
C2.3	The international reporting standards that adopted in reporting have been explained.	X				The 2022 sustainability report was prepared according to the GRI standard and approval was received from GRI.	<a href="http://www.adel-world.com/en/sustainability/sustainability-reports">http://www.adel-world.com/en/sustainability/sustainability-reports</a> Pages 4-5
C2.4	The principles adopted regarding sustainability, the signatory or member international organizations, committees and principles have been disclosed.			X			

		COMPANY COMPLIANCE STATUS				EXPLANATION	REPORT INFORMATION ON PUBLICLY DISCLOSED INFORMATION (Page number, menu name on the website)
		YES	PARTIAL	NO	NOT APPLICABLE		
C2.5	The improvements have been made and studies have been carried out in order to be included in the Borsa Istanbul sustainability indices and/or international index providers.			X			
<b>D. CORPORATE GOVERNANCE PRINCIPLES</b>							
D1	The opinions of stakeholders have been sought in the determination of measures and strategies related to sustainability field.		X			Work continues within the scope of the Sustainability report, which is planned to be published in 2023.	
D2	The social responsibility projects, awareness activities and trainings have been carried out to raise awareness about sustainability and its importance.		X			Under the "Goodness Tree" initiative, nourished by the value of kindness at our core, we engage in corporate social responsibility projects focused on climate action and quality education. These projects align with the United Nations' Sustainable Development Goals for 2030 and aim to benefit society. March 2023 Activity Report includes the projects we have undertaken in this context.	<a href="http://www.adel-world.com/en/sustainability/sustainability-reports">http://www.adel-world.com/en/sustainability/sustainability-reports</a> Pages 110-111

## OTHER LEGAL INFORMATION ABOUT ACTIVITIES

### Trade Registry Information

<b>Trade Name</b>	: Adel Kalemcilik Ticaret ve Sanayi A.Ş.
<b>Mersis (Central Registration System) Nr.</b>	: 0007005986400010
<b>Trade Registry Nr.</b>	: 96078
<b>Date of Incorporation</b>	: 17.07.1967
<b>Head Office Address</b>	: Fatih Sultan Mehmet Mah. Balkan Cad. No: 58 Buyaka E Blok 34771 Ümraniye/İstanbul
<b>Factory Address</b>	: Şekerpinar Mah. Yanyol Sok. No: 7 41480 Çayırova/Kocaeli
<b>Website</b>	: www.adel.com.tr
<b>Adel Consultation Line</b>	: +90 850 224 23 35

### Amendments to the Articles of Association

None.

### Financial benefits given to senior executives

The company's senior executives are (1) the President of the Agriculture, Energy & Industry Group, (2) the Adel General Manager, and (3) all managers who report directly to the general manager. The total value of all financial benefits that have been or will be provided to senior executives during January-December 2023 is TL 114,390 thousand.

### Payroll & employee benefits

As of 31 December 2023, the number of employees on Adel Kalemcilik's payroll averaged 367, of whom 200 were blue-collar and 167 were white-collar personnel.

The company's employee severance pay provision lessened by TL 33,622 thousand during the reporting period. The company's showed a severance pay provision of TL 28,890 thousand as of the reporting date.

The company paid out a total of TL 562,401 thousand to employees as wages, salaries, bonuses, and fringe benefits during the reporting period.

### Charitable donations

The company paid out a total of TL 16,733 thousand as charitable donations during the reporting period.

**Disclosure of board members' related-party transactions on their own behalf or on behalf of others & their business dealings subject to non-compete clauses**

No company executive was authorized by the general assembly to engage in business with the company on their own behalf or on behalf of others during the reporting period; neither did any engage in any business considered to be in direct competition with the company.

**Disclosure of the company's acquisition of shareholding interests in itself**

The company did not acquire any of its own shares during the reporting period.

**Disclosure of special audits and public audits**

The company did not undergo any special audits during the reporting period; however it did undergo a number of public audits to the extent required by the laws and regulations to which it is subject.

**Disclosure of lawsuits initiated against the company that might materially impact its financial and/or operational performance and their consequences**

As of 31 December 31 2023, the company was not involved in any litigation whose consequences could materially impact its financial position or operations. All provisions that have been set aside to cover any lawsuits which may have been initiated against the company but not yet resolved as of 31 December 2023 are disclosed in the footnotes to our financial statements.

**Disclosure of any administrative or judicial action taken against the company or its officers on account of violations of laws and regulations**

No administrative or judicial action has been taken against the company or any of its officers on account of any violations of laws and regulations.

**Material events occurring after the balance sheet date****Affiliation disclosure (Issues pertaining to companies in the same corporate group)**

According to the affiliation report approved by the Adel Kalemcilik Ticaret ve Sanayii AŞ Board of Directors concerning its relationship with the Anadolu Group: (1) Adel Kalemcilik Ticaret ve Sanayii AŞ has not engaged in any transactions upon the instructions of its controlling shareholder or of its controlling shareholders' affiliates with the intent of benefiting solely the controlling shareholder or the controlling shareholders' affiliates; (2) there are no measures which were either taken or avoided solely for the benefit of the controlling shareholder or its affiliates; (3) all dealings with the controlling shareholder and its affiliates during 2023 were conducted on an arm's-length basis so as to ensure the company could remain competitive under prevailing market conditions as we understood them to be at the time and the company was fairly and duly compensated on every occasion; (4) inasmuch as Adel Kalemcilik Ticaret ve Sanayii AŞ neither took nor refrained from taking any measure or precaution that might benefit the controlling shareholder or its affiliates but would be detrimental to its own interests, there is no need for any transactions or measures of a compensatory nature.



## BOARD OF DIRECTORS' ASSESSMENT OF THE WORKING PRINCIPLES AND EFFECTIVENESS OF BOARD COMMITTEES

Subsequent to the SPK KYI-compliant election of its chair and members, the Adel Kalemcilik board of directors convened and on 7 April 2023 appointed:

- Independent directors Mehmet Ercan Kumcu as chair and Ali Galip Yorgancioğlu as member of the company's audit committee;
- Independent director Mehmet Ercan Kumcu as chair and İbrahim Tamer Haşimoğlu, Mehmet Hurşit Zorlu, Recep Yılmaz Argüden, and Investor Relations Unit accounting manager Fatih Çakıcı as members of the company's corporate governance committee;
- Independent director Ali Galip Yorgancioğlu as chair, and directors İzzet Karaca and Tuğban İzzet Aksoy as members of the company's risk committee.

On 15 March 2013 the Adel Kalemcilik approved a regulation conforming to the requirements of SPK KYI that defined the duties and working principles of the risk committee. Regulations governing the duties and working principles of the audit and corporate governance committees were revised on 28 March 2014. All such regulations and changes in them are publicly disclosed on the company's corporate website at [www.adel.com.tr](http://www.adel.com.tr).

In 2023, all Adel Kalemcilik Board of Directors committees actively fulfilled their duties and responsibilities as outlined in their own regulations and as mandated by SPK KYI.

To ensure the effectiveness of their work and the fulfillment of their duties and responsibilities as outlined in their own regulations and in accordance with their annual meeting schedules, these committees convened in 2023 as follows:

- The Audit Committee convened four times (14 February 2023, 21 July 2023, 31 October 2023, 20 December 2023).
- The Corporate Governance Committee convened four times (26 April 2023, 21 July 2023, 31 October 2023, 20 December 2023).
- The Risk Committee convened four times (14 February 2023, 21 July 2023, 31 October 2023, 20 December 2023).

At the conclusion of every meeting, each committee submitted a report to the Adel Kalemcilik Board of Directors detailing its recent work and results as follows:

- The Audit Committee, which is responsible for ensuring that all internal and independent audits are conducted sufficiently and transparently and that the internal control system is implemented effectively, reported its opinions and recommendations on the internal audit and control system.
- The Corporate Governance Committee, which was established to monitor the company's compliance with corporate governance principles, to make recommendations to the Board of Directors, and to improve the company's corporate governance practices, ascertained whether or not the company is complying with corporate governance principles. If the company was not in compliance, the committee identified the reasons for non-compliance and potential conflicts of interest that could arise from non-compliance. The committee also reviewed the operations of the Investor Relations Unit. The committee submitted its report on recommended improvements to the full board.
- The Risk Committee, which is responsible for identifying, assessing, and managing risks that could jeopardize the company's existence, development, and continuity, reviewed the company's risk management systems to ensure they comply with SPK KYI and reported its findings to the full board. The committee also submitted the bimonthly reports required by article 378 of the Turkish Commercial Code (Statute 6102) to the full board.

# DECLARATION OF INDEPENDENCE BY INDEPENDENT BOARD MEMBERS

## DECLARATION OF INDEPENDENCE

I hereby declare that, with respect to Adel Kalemcilik Sanayi ve Ticaret A.Ş. (the Company);

- No employment relationship has been established during the last five years between me, my spouse and my relatives by blood or marriage up to second degree and the company, partnerships which the company controls the management of or has material influence over or shareholders who control the management of or have material influence over the company and legal entities which these shareholders control the management of, which has caused me to assume important duties and responsibilities in an executive position nor have I/we individually or jointly held more than 5% of the capital or voting rights or privileged shares in or established a material business relationship with the same,
- I was not a shareholder of (5% and more) nor held an executive position which would cause me to assume important duties and responsibilities or officiated as a board member, during the last five years, in any company from or to which the company purchases or sells a substantial quantity of services or products based on agreements made, during the periods these services or products were sold or purchased including especially those companies which carry out audit (including tax audits, legal audits, internal audits), rating and consultancy services for the company,
- I have the professional education, knowledge and experience necessary to duly carry out the duties which I shall assume due to my position as an independent board member,
- I am not a full time employee with any public entity or organization following my election,
- I am assumed to be a resident in Türkiye in accordance with the Income Tax Law,
- I have strong ethical standards, professional reputation and experience that shall allow me to contribute positively to the activities of the company, maintain partiality in conflicts of interests between the company and its shareholders and decide freely by taking into account the rights of beneficiaries;
- I am able to dedicate a sufficient amount of time to the affairs of the company in a manner to follow up the conduct of company activities and duly perform the duties I have assumed,
- I did not officiate as a board member at the board of directors of the company for longer than 6 years during the last ten years,
- I am not officiating as an independent board member with more than three of the companies which the company controls or shareholders that control the management of the company control the management and in total more than five of the companies which are traded on the stock exchange and that therefore, I will serve in my position as a member of the Company's Board of Directors as an independent board member,
- I have not been registered and announced as a board member representing the legal entity for which I will be elected.

**Mehmet Ercan KUMCU**



## DECLARATION OF INDEPENDENCE

I hereby declare that, with respect to Adel Kalemcilik Sanayi ve Ticaret A.Ş. (the Company);

- No employment relationship has been established during the last five years between me, my spouse and my relatives by blood or marriage up to second degree and the company, partnerships which the company controls the management of or has material influence over or shareholders who control the management of or have material influence over the company and legal entities which these shareholders control the management of, which has caused me to assume important duties and responsibilities in an executive position nor have I/we individually or jointly held more than 5% of the capital or voting rights or privileged shares in or established a material business relationship with the same,
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- I am able to dedicate a sufficient amount of time to the affairs of the company in a manner to follow up the conduct of company activities and duly perform the duties I have assumed,
- I did not officiate as a board member at the board of directors of the company for longer than 6 years during the last ten years,
- I am not officiating as an independent board member with more than three of the companies which the company controls or shareholders that control the management of the company control the management and in total more than five of the companies which are traded on the stock exchange and that therefore, I will serve in my position as a member of the Company's Board of Directors as an independent board member,
- I have not been registered and announced as a board member representing the legal entity for which I will be elected.

**İzzet KARACA**



## DECLARATION OF INDEPENDENCE BY INDEPENDENT BOARD MEMBERS

### DECLARATION OF INDEPENDENCE

I hereby declare that, with respect to Adel Kalemcilik Sanayi ve Ticaret A.Ş. (the Company);

- No employment relationship has been established during the last five years between me, my spouse and my relatives by blood or marriage up to second degree and the company, partnerships which the company controls the management of or has material influence over or shareholders who control the management of or have material influence over the company and legal entities which these shareholders control the management of, which has caused me to assume important duties and responsibilities in an executive position nor have I/we individually or jointly held more than 5% of the capital or voting rights or privileged shares in or established a material business relationship with the same,
- I was not a shareholder of (5% and more) nor held an executive position which would cause me to assume important duties and responsibilities or officiated as a board member, during the last five years, in any company from or to which the company purchases or sells a substantial quantity of services or products based on agreements made, during the periods these services or products were sold or purchased including especially those companies which carry out audit (including tax audits, legal audits, internal audits), rating and consultancy services for the company,
- I have the professional education, knowledge and experience necessary to duly carry out the duties which I shall assume due to my position as an independent board member,
- I am not a full time employee with any public entity or organization following my election,
- I am assumed to be a resident in Türkiye in accordance with the Income Tax Law,
- I have strong ethical standards, professional reputation and experience that shall allow me to contribute positively to the activities of the company, maintain partiality in conflicts of interests between the company and its shareholders and decide freely by taking into account the rights of beneficiaries;
- I am able to dedicate a sufficient amount of time to the affairs of the company in a manner to follow up the conduct of company activities and duly perform the duties I have assumed,
- I did not officiate as a board member at the board of directors of the company for longer than 6 years during the last ten years,
- I am not officiating as an independent board member with more than three of the companies which the company controls or shareholders that control the management of the company control the management and in total more than five of the companies which are traded on the stock exchange and that therefore, I will serve in my position as a member of the Company's Board of Directors as an independent board member,
- I have not been registered and announced as a board member representing the legal entity for which I will be elected.

**Tayfun BAYAZIT**

## DECLARATION OF INDEPENDENCE

I hereby declare that, with respect to Adel Kalemcilik Sanayi ve Ticaret A.Ş. (the Company);

- No employment relationship has been established during the last five years between me, my spouse and my relatives by blood or marriage up to second degree and the company, partnerships which the company controls the management of or has material influence over or shareholders who control the management of or have material influence over the company and legal entities which these shareholders control the management of, which has caused me to assume important duties and responsibilities in an executive position nor have I/we individually or jointly held more than 5% of the capital or voting rights or privileged shares in or established a material business relationship with the same,
- I was not a shareholder of (5% and more) nor held an executive position which would cause me to assume important duties and responsibilities or officiated as a board member, during the last five years, in any company from or to which the company purchases or sells a substantial quantity of services or products based on agreements made, during the periods these services or products were sold or purchased including especially those companies which carry out audit (including tax audits, legal audits, internal audits), rating and consultancy services for the company,
- I have the professional education, knowledge and experience necessary to duly carry out the duties which I shall assume due to my position as an independent board member,
- I am not a full time employee with any public entity or organization following my election,
- I am assumed to be a resident in Türkiye in accordance with the Income Tax Law,
- I have strong ethical standards, professional reputation and experience that shall allow me to contribute positively to the activities of the company, maintain partiality in conflicts of interests between the company and its shareholders and decide freely by taking into account the rights of beneficiaries;
- I am able to dedicate a sufficient amount of time to the affairs of the company in a manner to follow up the conduct of company activities and duly perform the duties I have assumed,
- I did not officiate as a board member at the board of directors of the company for longer than 6 years during the last ten years,
- I am not officiating as an independent board member with more than three of the companies which the company controls or shareholders that control the management of the company control the management and in total more than five of the companies which are traded on the stock exchange and that therefore, I will serve in my position as a member of the Company's Board of Directors as an independent board member,
- I have not been registered and announced as a board member representing the legal entity for which I will be elected.

**Ali Galip YORGANCIOĞLU**





# INDEPENDENT AUDITOR'S REPORT ON THE BOARD OF DIRECTORS' ANNUAL REPORT



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

## 1. Opinion

We have audited the annual report of Adel Kalemcilik Ticaret ve Sanayi A.Ş. (the "Company") for the 1 January - 31 December 2023 period.

In our opinion, the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements regarding the Company's position in the Board of Directors' Annual Report are consistent and presented fairly, in all material respects, with the audited full set financial statements and with the information obtained in the course of independent audit.

## 2. Basis for Opinion

Our independent audit was conducted in accordance with the Independent Standards on Auditing that are part of the Turkish Standards on Auditing (the "TSA") adopted within the framework of the regulations of the Capital Markets Board and issued by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities in the Audit of the Board of Directors' Annual Report section of our report. We hereby declare that we are independent of the Company in accordance with the Ethical Rules for Independent Auditors (including Independence Standards) (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA and the regulations of the Capital Markets Board and other relevant legislation that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

## 3. Our Audit Opinion on the Full Set Financial Statements

We expressed an unqualified opinion in the auditor's report dated 20 March 2024 on the full set financial statements for the 1 January - 31 December 2023 period.

## 4. Board of Director's Responsibility for the Annual Report

Company management's responsibilities related to the annual report according to Articles 514 and 516 of Turkish Commercial Code ("TCC") No. 6102 and Capital Markets Board's ("CMB") Communiqué Serial II, No:14.1, "Principles of Financial Reporting in Capital Markets" (the "Communiqué") are as follows:

- a) to prepare the annual report within the first three months following the balance sheet date and present it to the general assembly;
- b) to prepare the annual report to reflect the Company's operations in that year and the financial position in a true, complete, straightforward, fair and proper manner in all respects. In this report financial position is assessed in accordance with the financial statements. Also in the report, developments and possible risks which the Company may encounter are clearly indicated. The assessments of the Board of Directors in regards to these matters are also included in the report.

c) to include the matters below in the annual report:

- events of particular importance that occurred in the Company after the operating year,
- the Company’s research and development activities,
- financial benefits such as salaries, bonuses, premiums and allowances, travel, accommodation and representation expenses, benefits in cash and in kind, insurance and similar guarantees paid to members of the Board of Directors and senior management.

When preparing the annual report, the Board of Directors considers secondary legislation arrangements enacted by the Ministry of Trade and other relevant institutions.

#### **5. Independent Auditor’s Responsibility in the Audit of the Annual Report**

Amacımız, TTK ve Tebliğ hükümleri çerçevesinde yıllık faaliyet raporu içinde yer alan finansal bilgiler ile Our aim is to express an opinion and issue a report comprising our opinion within the framework of TCC and Communiqué provisions regarding whether or not the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements in the annual report are consistent and presented fairly with the audited financial statements of the Company and with the information we obtained in the course of independent audit.

Our audit was conducted in accordance with the TSAs. These standards require that ethical requirements are complied with and that the independent audit is planned and performed in a way to obtain reasonable assurance of whether or not the financial information and the analysis made by the Board of Directors by using the information included in the audited financial statements in the annual report are consistent and presented fairly with the audited financial statements and with the information obtained in the course of audit.

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

**Salim Alyanak, SMMM**  
**Independent Auditor**

**Istanbul, 22 March 2024**



ADEL KALEMCİLİK TİCARET VE SANAYİ A.Ş.

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT  
AS OF 31 DECEMBER 2023**

## INDEPENDENT AUDITOR'S REPORT



### CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT

#### ORIGINALLY ISSUED IN TURKISH

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

#### A. Audit of the financial statements

##### 1. Our opinion

We have audited the accompanying financial statements of Adel Kalemcilik Ticaret ve Sanayi A.Ş. (the "Company") which comprise the statement of financial position as at 31 December 2023, the statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended and notes to the financial statements comprising a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with Turkish Financial Reporting Standards ("TFRS").

##### 2. Basis for opinion

Our audit was conducted in accordance with the Standards on Independent Auditing (the "SIA") that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We hereby declare that we are independent of the Company in accordance with the Ethical Rules for Independent Auditors (including Independence Standards) (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

##### 3. Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. Key audit matters were addressed in the context of our independent audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How the key audit matter was addressed in the audit
<p><b>Application of TAS 29 - Financial Reporting in Hyperinflationary Economies</b></p>	
<p>TAS 29 “Financial reporting in hyperinflationary economies” is applicable for the Company as disclosed in Note 2.1.3.</p> <p>TAS 29 requires financial statements to be restated into the current purchasing power at the end of the reporting period. Therefore, transactions in 2023 and non-monetary balances at the end of the period with prior year statements with comparative information were restated to reflect a price index that is current at the balance sheet date as of 31 December 2023. The implementation of TAS 29 leads to a change in several of the Company’s control activities pervasively related to financial reporting. The impact of TAS 29 is reliant upon a number of key judgements such as the relevant line items in the inventories were restated on an average basis depending on the level of fluctuation of the underlying transactions and rate of inflation. The preparation of financial statements using a current purchasing power approach requires a complex series of procedures and reconciliations to ensure accurate results.</p> <p>The application of IAS 29 was identified as a key audit matter due to judgement applied in the restatement, high degree of complexity in calculation and the risk of the data used in the restatement being incomplete or inaccurate.</p>	<ul style="list-style-type: none"> <li>• We obtained an updated understanding of the Company’s processes and accounting policies.</li> <li>• We gained an understanding and evaluated the relevant controls designed and implemented by management resulting from implementation of TAS 29,</li> <li>• Obtaining whether the segregation of monetary and non-monetary items made by the management is in accordance with TAS 29,</li> <li>• We obtained detailed listings of non-monetary items, and tested the original cost and dates of acquisition with supporting documentation,</li> <li>• Verifying the general price index rates used in the calculations with the index coefficients obtained from the Consumer Price Index in Turkey published by the Turkish Statistical Institute,</li> <li>• We evaluated the reasonableness of judgements used by management by comparing them with recognized practices and applying our industry knowledge and experience. We also checked if the judgements were used consistently in all periods,</li> <li>• The methodology and price index rates used were tested to ensure that the indexation of non-monetary items, statements of comprehensive income, changes in equity and cash flow statements were prepared in accordance with TAS 29.</li> </ul>



## INDEPENDENT AUDITOR'S REPORT

Key Audit Matters	How the key audit matter was addressed in the audit
<p data-bbox="172 490 440 519"><b>Revenue recognition</b></p> <p data-bbox="172 524 746 656">Revenue TL 2.261.755 Thousand has been recognized in the statement of profit or loss and other comprehensive income for the accounting period 1 January-31 December 2023.</p> <p data-bbox="172 696 746 1137">Revenue is recognized in the financial statements when the Company fulfils its performance obligation by transferring control of the promised products to its customers. Since sales contracts are complex, the recognition of revenue in the relevant period depends on the correct evaluation of the sales conditions specific to each situation. For this reason, there is a risk that the revenue will not be recognized in the correct period or amount for the products whose production is completed and delivered, or for those whose invoices have not yet been issued to the customer.</p> <p data-bbox="172 1178 746 1485">Revenue is one of the most significant indicators in the performance evaluation of the Company. Revenue has been selected as a key audit matter because it is of great importance in terms of evaluating the results of the strategies implemented during the year and monitoring performance and it has significant, decisive impact on more than one financial statement item.</p> <p data-bbox="172 1525 746 1653">Disclosures regarding the Company's revenue-related accounting policies and amounts are included in Notes 2.2.1 of the attached financial statements.</p>	<p data-bbox="798 524 1431 586">The following audit procedures have been applied for the recognition of revenue:</p> <ul data-bbox="798 591 1431 1485" style="list-style-type: none"> <li data-bbox="798 591 1431 689">• Testing the design and implementation of internal controls on revenue recognition by understanding the Company's revenue process,</li> <li data-bbox="798 716 1431 815">• Evaluating whether the accounting policies applied by the Company management for recording revenue are in terms of TFRS,</li> <li data-bbox="798 842 1431 985">• Testing the transactions recorded as revenue during the period by sampling method by comparing them with invoices, supporting documents and collections from customers,</li> <li data-bbox="798 1012 1431 1070">• Testing the balances of trade receivables using the sampling method by sending confirmation letters,</li> <li data-bbox="798 1097 1431 1196">• Testing whether the sales returns realized after the reporting period are included in the financial statements in the relevant period,</li> <li data-bbox="798 1223 1431 1344">• Testing the revenue items belong to period ending and the beginning of the following period with the sampling method regarding the cut-off of the revenue,</li> <li data-bbox="798 1370 1431 1485">• Evaluating the accuracy and adequacy of the revenue related disclosures included in footnotes financial statements in terms of TFRS.</li> </ul>

#### 4. Responsibilities of management and those charged with governance for the financial statements

The Company management is responsible for the preparation and fair presentation of the financial statements in accordance with TFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

#### 5. Auditor's responsibilities for the audit of the financial statements

Responsibilities of independent auditors in an independent audit are as follows:

Our aim is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

- Identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Assess the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

## INDEPENDENT AUDITOR’S REPORT

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence. We also communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **B. Other responsibilities arising from regulatory requirements**

1. No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code (“TCC”) No. 6102 and that causes us to believe that the Company’s bookkeeping activities concerning the period from 1 January to 31 December 2023 period are not in compliance with the TCC and provisions of the Company’s articles of association related to financial reporting.
2. In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.
3. In accordance with subparagraph 4 of Article 398 of the TCC, the auditor’s report on the early risk identification system and committee was submitted to the Company’s Board of Directors on 20 March 2024.

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

Salim Alyanak, SMMM  
Independent Auditor

Istanbul, 20 March 2024

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

## ADEL KALEMCİLİK TİCARET VE SANAYİ ANONİM ŞİRKETİ

**FINANCIAL STATEMENTS****AS OF 31 DECEMBER 2023 AND 2022**

(Amounts are expressed in thousands of Turkish lira ("TL") unless otherwise stated.)

	Note	Audited 31 December 2023	Audited 31 December 2022
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalences	4	794.006	481.745
Short term financial investments	5	131.193	-
Trade receivables		118.454	92.978
- Receivables from related parties	24	51.880	17.250
- Receivables from third parties	8	66.574	75.728
Other receivables		7.381	3.042
- Other receivables from related parties	24	-	221
- Other receivables from third parties	9	7.381	2.821
Inventories	10	615.600	493.060
Prepaid expenses	15	17.450	20.499
Current tax-related assets	15	99.912	40.368
Other current assets	15	44.328	24.744
<b>Total current assets</b>		<b>1.828.324</b>	<b>1.156.436</b>
<b>Non-current assets</b>			
Financial investments	5	776	63
Other receivables		383	-
- Other receivables from third parties	9	383	-
Property, plant and equipment	11	557.195	625.391
Right of use assets	7	134.781	69.338
Intangible assets	12	78.997	46.682
Prepaid expenses	15	6.631	8.206
Deferred tax assets	22	24.101	-
<b>Total non-current assets</b>		<b>802.864</b>	<b>749.680</b>
<b>Total assets</b>		<b>2.631.118</b>	<b>1.906.116</b>

The financial statements for the financial period of 31 December 2023 were approved at the Board of Directors meeting dated 20 March 2024 and signed by General Manager Oğuz Uçanlar and Financial Affairs Director Yasemen Güven Çayırmez on behalf of the Board of Directors.

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

## ADEL KALEMCİLİK TİCARET VE SANAYİ ANONİM ŞİRKETİ

**FINANCIAL STATEMENTS****AS OF 31 DECEMBER 2023 AND 2022**

(Amounts are expressed in thousands of Turkish lira ("TL") unless otherwise stated.)

	Note	Audited 31 December 2023	Audited 31 December 2022
<b>Liabilities</b>			
<b>Current liabilities</b>			
Short term borrowings	7	779.901	802.263
- Short-term borrowings from third parties		779.901	802.263
- Bank loans		305.519	802.263
- Issued debt instruments		474.382	-
Short-term portion of long-term borrowings		261.521	28.339
- Short term portion of long term borrowings from third parties	7	261.521	28.339
- Bank loans		27.076	12.056
- Lease liabilities		39.168	16.283
- Issued debt instruments		195.277	-
Trade payables		139.633	95.263
- Due to related parties	24	6.658	1.145
- Due to third parties	8	132.975	94.118
Employee benefit liabilities	9	60.102	45.537
Other payables		396	2.607
- Due to third parties	9	396	2.607
Derivative instruments	26.2	1.721	8.374
Deferred income	15	158.730	10.480
Current tax liabilities	22	-	819
Short term provision		8.565	8.202
- Provisions for employment benefits	14	8.378	6.897
- Other short-term provisions	13	187	1.305
<b>Total current liabilities</b>		<b>1.410.569</b>	<b>1.001.884</b>
<b>Non-current liabilities</b>			
Long term borrowings		71.276	46.565
- Long term borrowings from third parties	7	71.276	46.565
- Bank loans		-	11.534
- Lease liabilities		71.276	35.031
Provision for employee benefits	9	9.621	-
Long term provision		28.890	62.512
- Provisions for employment termination benefits	14	28.890	62.512
Deferred tax liabilities	22	-	102.471
<b>Total non-current liabilities</b>		<b>109.787</b>	<b>211.548</b>
<b>Equity</b>			
Share capital	16	23.625	23.625
Adjustment to share capital	16	376.100	376.100
Other comprehensive expenses that will not be reclassified to profit or loss		(13.848)	(10.012)
- Losses on remeasurement of defined benefit obligations		(13.848)	(10.012)
Other comprehensive expenses/(income) that will be reclassified to profit or loss		5.835	15
- Currency translation differences		(3.938)	(3.938)
- Gains/(loss) on hedge		9.773	3.953
Restricted reserves	16	197.448	194.818
Retained earnings	16	85.706	127.565
Net profit/(loss) for the period		435.966	(19.427)
<b>Total equity</b>		<b>1.110.832</b>	<b>692.684</b>
<b>Total liabilities and equity</b>		<b>2.631.188</b>	<b>1.906.116</b>

Accompanying notes are an integral part of these financial statements.



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

## ADEL KALEMCİLİK TİCARET VE SANAYİ ANONİM ŞİRKETİ

**FINANCIAL STATEMENTS****AS OF 31 DECEMBER 2023 AND 2022**

(Amounts are expressed in thousands of Turkish lira ("TL") unless otherwise stated.)

<b>Profit or loss</b>	<b>Notes</b>	<b>Audited 1 January - 31 December 2023</b>	<b>Audited 1 January - 31 December 2022</b>
Revenue	17	2.261.755	1.675.122
Cost of sales (-)	17	(1.205.803)	(1.253.242)
<b>Gross profit</b>		<b>1.055.952</b>	<b>421.880</b>
General administrative expenses (-)	18	(284.651)	(145.648)
Marketing expenses (-)	18	(398.264)	(282.259)
Research and development expenses (-)	18	(12.383)	(10.152)
Other income from operating activities	19	73.598	33.136
Other expenses from operating activities (-)	19	(48.739)	(24.121)
<b>Operating profit/(loss)</b>		<b>385.513</b>	<b>(7.164)</b>
Income from investment activities	20	4.535	836
Expens from investment activities (-)	20	(162)	(137)
Share of profit/loss of investments accounted for using the equity method	20	(1.121)	-
<b>Operating profit before finance income/ (expense)</b>		<b>388.765</b>	<b>(6.465)</b>
Finance income	21	214.341	98.330
Finance expenses (-)	21	(322.997)	(296.109)
Monetary gain/(loss)		161.690	192.293
<b>Profit/(Loss) before tax from continuing operations</b>		<b>441.799</b>	<b>(11.951)</b>
<b>Tax income from continuing operations</b>		<b>(5.833)</b>	<b>(7.476)</b>
- Taxes on expense	22	(133.491)	(819)
- Deferred tax income/(expense)	22	127.658	(6.657)
<b>Net profit/(loss) for the year</b>		<b>435.966</b>	<b>(19.427)</b>
<b>Profit/(loss) per share (1 TRY per share)</b>	23	<b>18,4536</b>	<b>(0,8223)</b>

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

ADEL KALEMCİLİK TİCARET VE SANAYİ ANONİM ŞİRKETİ

**OTHER COMPREHENSIVE INCOME STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2023 AND 31 DECEMBER 2022**

(Amounts are expressed in thousands of Turkish lira ("TL") unless otherwise stated.)

Notes	Audited 1 January - 31 December 2023	Audited 1 January - 31 December 2022
<b>Net profit/(loss) for the year</b>	<b>435.966</b>	<b>(19.427)</b>
Other comprehensive income/expense		
Other comprehensive expenses that will not be reclassified	(3.836)	(10.012)
- Remeasurements of defined benefit assets/liabilities	14 (4.366)	(12.341)
Other comprehensive expenses that will not be reclassified to profit or loss, tax effect	530	2.329
- Deferred tax income	530	2.329
Other comprehensive expenses that will be reclassified to profit or loss	5.820	(22.496)
- Currency translation adjustment	-	-
- Other comprehensive income/ (expense) on cash flow hedge	25. 1 7.436	(28.980)
-Other comprehensive expenses that will be reclassified to profit or loss, tax effect	(1.616)	6.484
- Deferred tax (expense)/income	(1.616)	6.484
<b>Other comprehensive income/ (expense)</b>	<b>1.984</b>	<b>(32.508)</b>
<b>Total comprehensive income</b>	<b>437.950</b>	<b>(51.935)</b>

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

ADEL KALEMCİLİK TİCARET VE SANAYİ ANONİM ŞİRKETİ

## STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2023 AND 2022

(Amounts are expressed in thousands of Turkish lira ("TL") unless otherwise stated.)

			Other comprehensive income (loss) that will not be reclassified in profit or loss
	Share capital	Inflation adjustment to share capital	Defined benefit plans revaluation and measurement(losses)/ gains
<b>Balances as of 1 January 2022</b>	<b>23.625</b>	<b>376.100</b>	<b>-</b>
Transfers	-	-	-
Dividends	-	-	-
Total comprehensive loss	-	-	(10.012)
<b>Balances as of 31 December 2022</b>	<b>23.625</b>	<b>376.100</b>	<b>(10.012)</b>
<b>Balances as of 1 January 2023</b>	<b>23.625</b>	<b>376.100</b>	<b>(10.012)</b>
Transfers	-	-	-
Dividends	-	-	-
Total comprehensive income	-	-	(3.836)
<b>Balances as of 31 December 2023</b>	<b>23.625</b>	<b>376.100</b>	<b>(13.848)</b>

**Other comprehensive  
loss/(income) that will be  
reclassified in profit or loss**

<b>Currency translation differences</b>	<b>Gains/(loss) on hedge</b>	<b>Restricted reserves</b>	<b>Retained earnings</b>	<b>Net profit/(loss) for the period</b>	<b>Total equity</b>
<b>(3.938)</b>	<b>26.449</b>	<b>191.546</b>	<b>191.849</b>	<b>(34.370)</b>	<b>771.261</b>
-	-	3.272	(37.642)	34.370	-
-	-	-	(26.642)	-	(26.642)
-	(22.496)	-	-	(19.427)	(51.935)
<b>(3.938)</b>	<b>3.953</b>	<b>194.818</b>	<b>127.565</b>	<b>(19.427)</b>	<b>692.684</b>
<b>(3.938)</b>	<b>3.953</b>	<b>194.818</b>	<b>127.565</b>	<b>(19.427)</b>	<b>692.684</b>
-	-	2.630	(22.057)	19.427	-
-	-	-	(19.802)	-	(19.802)
-	5.820	-	-	435.966	437.950
<b>(3.938)</b>	<b>9.773</b>	<b>197.448</b>	<b>85.706</b>	<b>435.966</b>	<b>1.110.832</b>

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

## ADEL KALEMCİLİK TİCARET VE SANAYİ ANONİM ŞİRKETİ

**CASH FLOW STATEMENTS****FOR THE YEARS ENDED 31 DECEMBER 2023 AND 31 DECEMBER 2022**

(Amounts are expressed in thousands of Turkish lira ("TL") unless otherwise stated.)

	Note	Audited 2023	Audited 2022
<b>Cash flow from operating activities</b>		<b>243.071</b>	<b>104.720</b>
<b>Net profit/(loss) for the period</b>		<b>435.966</b>	<b>(19.427)</b>
<b>Adjustments to reconcile net profit/(loss) for the period</b>		<b>(1.384)</b>	<b>30.206</b>
Adjustments for depreciation and amortization expense	11,12	109.077	100.532
Adjustments for impairment loss/(reversal)		3.391	6.896
- Allowance for doubtful receivables	8	522	689
- Adjustments for inventory impairment/(cancellation)	10	2.869	6.207
Adjustments for provisions		35.180	44.621
- Adjustments for employment termination benefits	19	35.785	45.700
- Adjustments for lawsuit and other provisions		(605)	(1.079)
Adjustments for dividends	20	(25)	(133)
Adjustments for interest income/expense		141.609	203.701
- Adjustments for interest income	21	(167.730)	(71.445)
- Adjustments for interest expense	21	310.177	281.663
- Rediscount on interest loss	19	7.142	0
- Rediscount on interest income	19	(7.980)	(6.517)
Adjustments for unrealized currency translations		-	13.337
Adjustments for fair value gains		10.167	541
Adjustments for undistributed profits of investments		-	-
Adjustments for tax incomes	22	5.833	7.476
Gain on sale of tangible and intangible assets		(4.373)	(565)
Monetary gain		(302.243)	(346.200)
<b>Changes in working capital</b>		<b>49.083</b>	<b>138.585</b>
Decrease/(increase) in trade receivables		(33.140)	156.892
Decrease/(increase) in other receivables		(184)	2.664
Increase/(decrease) in inventory		(125.408)	(78.982)
Decrease/(increase) in prepaid expenses		4.624	20.982
Increase/(decrease) in trade payables		52.349	4.620
Increase/(decrease) in employment termination benefits		24.186	27.362
Decrease/(increase) in other payables		(2.211)	(995)
Increase in deferred revenue		148.250	3.783
Decreases/increases in others		(19.383)	2.259
- Increase/(decrease) in other assets		84.420	5.052
- Increase/(decrease) in other liabilities		(103.803)	(2.793)
<b>Cash used in operating activities</b>		<b>483.665</b>	<b>149.364</b>
Dividends		25	133
Employee termination benefits paid	14	(47.584)	(12.160)
Tax paid		(193.035)	(32.617)
<b>Cash flow from investing activities</b>		<b>(29.077)</b>	<b>(43.735)</b>
Proceeds from sale of property, plant and equipment		10.692	2.950
Acquisition of property, plant and equipment and intangible assets	11,12	(38.648)	(46.685)
Cash inflows due to sale of shares in associates or joint ventures or capital reduction	20	(1.121)	-
<b>Cash flow from financing activities</b>		<b>286.375</b>	<b>(243.301)</b>
Proceeds from bank borrowings	7	1.653.797	1.029.252
Repayment of borrowings	7	(1.109.702)	(1.048.154)
Repayment of lease liabilities		(43.070)	(28.297)
Dividends paid	16	(19.802)	(26.645)
Interest paid	7	(221.916)	(241.483)
Interest received		115.210	68.953
Other cash inflow	20	(88.142)	3.073
<b>Monetary gain/(lose) impact on cash and cash equivalents</b>		<b>(197.577)</b>	<b>(260.198)</b>
<b>Decrease/(increase) in cash and cash equivalents</b>		<b>302.792</b>	<b>(442.514)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>4</b>	<b>479.253</b>	<b>921.767</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>4</b>	<b>782.045</b>	<b>479.253</b>

Accompanying notes are an integral part of these financial statements.

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

ADEL KALEMCİLİK TİCARET VE SANAYİ ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2023 AND 31 DECEMBER 2022

(Amounts are expressed in thousands of Turkish lira ("TL") unless otherwise stated.)

### NOTE 1 - Company's organization and nature of operations

Adel Kalemcilik Ticaret ve Sanayi A.Ş. ("Company") 's fields of activity are, respectively, the production of pencils, colored pencils, toys and other stationery equipment, the sale and export of finished products in the facilities, and importing all kinds of raw materials, semi-finished products and finished products, to buy and sell.

The company 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 Dist. Balkan St. No:58 Buyaka E Block

34771 Tepeüstü - Ümraniye/İstanbul

The Company is registered to the Capital Markets Board ("CMB") and its shares have been traded on Borsa Istanbul ("BIST") since 1996. As of 31 December 2023, 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:

	(%)
AG Anadolu Grubu Holding A.Ş.	56.89
Faber-Castell Aktiengesellschaft	15.40
Shares publicly held	27.71
	<b>100.00</b>

The average number of employees of the Company as at 31 December 2023 is 367 (31 December 2022: 383).

As of 31 December 2023, the joint venture of the Company accounted for using the equity method and its shareholding ratios are as follows:

Company name	Field of Activity	Country	(%)
LLC Faber-Castell Anadolu	All types of stationery buying and selling products	Russia	50.00

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

The activities of LLC Faber-Castell Anadolu were terminated. But the company continues its operations in the Russian market by exporting directly.



ADEL KALEMCİLİK TİCARET VE SANAYİ ANONİM ŞİRKETİ

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED  
31 DECEMBER 2023 AND 31 DECEMBER 2022**

(Amounts are expressed in thousands of Turkish lira ("TL") unless otherwise stated.)

**NOTE 2 - Basis of presentation of financial statements****2.1 Basis of preparation and presentation of financial statements****2.1.1 Statement of compliance with TFRS**

The accompanying financial statements are prepared in accordance with the requirements of Capital Markets Board ("CMB") Communiqué Serial II, No: 14.1 "Basis of Financial Reporting in Capital Markets", which was published in the Official Gazette No:28676 on June 13, 2013. The accompanying financial statements are prepared based on the Turkish Accounting Standards and interpretations ("TAS") issued by the Public Oversight Accounting and Auditing Standards Authority ("POA") under Article 5 of the Communiqué.

The financial statements are presented in accordance with the 2022 TFRS Taxonomy, which was published in the Official Gazette dated 7 June 2019 and numbered 30794 by the POA and updated by the POA on 4 October 2022, based on the financial statement examples in the Financial Statement Examples and User Guide.

The Company's companies operating in Turkey submit their accounting records and legal financial statements in accordance with the principles and conditions issued by the Capital Markets Board (CMB), the provisions of the Turkish Commercial Code (TTK) and Tax Legislation, and the requirements of the Uniform Chart of Accounts published by the Ministry of Finance. It prepares Turkish Lira as. Subsidiaries and joint ventures operating abroad prepare their accounting records and legal financial statements in accordance with the laws and regulations of the country in which they operate.

The Company's financial statements as of 31 December 2023 were approved by the Company's Board of Directors on 20 March 2024. The Board is authorized to amend the financial statements.

**2.1.2 Functional and reporting currency**

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

**2.1.3 Adjustment of financial statements during periods of high inflation**

The Company prepared its financial statements as at and for the year ended 31 December 2023 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 2022 in terms of the purchasing power of that currency as of 31 December 2023.

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

ADEL KALEMCİLİK TİCARET VE SANAYİ ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2023 AND 31 DECEMBER 2022

(Amounts are expressed in thousands of Turkish lira ("TL") unless otherwise stated.)

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

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

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.

The adjustment made in accordance with TAS 29 were made using the correction coefficient obtained from the Consumer Price Index in Turkey ("CPI") published by the Turkish Statistical Institute ("TSI"). As of 31 December 2023, the indexes and index coefficients used in the correction of financial statements are as follows:

Date	Index	Conversion Factor	Three-Year Cumulative Inflation
31 December 2023	1.859,38	1,00000	%268
31 December 2022	1.128,45	1,64773	%156
31 December 2021	686,95	2,70672	%74

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 TL 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.

ADEL KALEMCİLİK TİCARET VE SANAYİ ANONİM ŞİRKETİ

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2023 AND 31 DECEMBER 2022

(Amounts are expressed in thousands of Turkish lira ("TL") unless otherwise stated.)

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

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

##### 2.1.4 Shares in affiliates and joint ventures

A partnership is a joint venture in which entities with joint control in an arrangement have rights to the equity in the joint arrangement. Joint control is based on the control contract on an economic activity.

This control is deemed to exist when the decisions of the relevant activities require the parties sharing the control to agree with the unanimity of votes.

The results and assets and liabilities of associates or joint ventures are incorporated in these financial statements using the equity accounting method, except when the investment, or a portion thereof, is classified as held for sales, in which case it is accounted for in accordance with TFRS 5. Under the equity method, an investment in associate or a joint venture is initially recognized in the financial statement of financial position at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associate or a joint venture.

When the Company's share of losses of an associate or a joint venture exceeds the Company's interest in that associate or a joint venture (which includes any long term interests that, in substance, form part of the Company's net investment in the associate or a joint venture), the company discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate or a joint venture.

#### 2.2. Significant accounting policies

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

##### 2.2.1 Revenue recognition

The Company recognizes revenue when, or as, it fulfills its performance obligation by transferring a contracted good or service to a customer. Control of an asset is passed to the customer. the asset is transferred when (or as) it passes.

The company records revenue in its financial statements in line with the following basic principles:

- (a) Determining contracts with customers
- (b) Determining performance obligations in the contract
- (c) Determining the transaction price in the contract
- (d) Allocating the transaction price to the performance obligations in the contract
- (e) Recognizing revenue as each performance obligation is satisfied.

Revenues are measured at the fair value of the amount receivable that has been or will be collected. Estimated customer returns, discounts and provisions are deducted from this amount. Revenue is reflected in the financial statements based on the transaction price. The transaction fee is the amount that the business expects to be entitled to in return for the transfer of the promised wooden pencils, crayons and copy pens, ballpoint pens, mechanical pencils and pencils, liquid ink pens, felt-tip pens, pastels, watercolors, erasers, finger paint, play dough, gouache, toys and other stationery products to the customer, excluding the amounts collected on behalf of third parties.

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

#### 2.2. Significant accounting estimates and decisions (Continued)

Interest income is accrued in the relevant period at the rate of original effective interest rate, which reduces the remaining principal balance and the estimated cash inflows to be obtained from the relevant financial asset over its expected life to the registered value of the asset in question.

##### 2.2.2 Inventory

The Company's inventories consist of raw materials, operating materials, packaging materials, semi-finished and finished items, stationery materials and toys.

Inventories are valued at the lower of cost or net realizable value. Cost of inventories includes all acquisition costs, conversion costs and other costs incurred in maintaining inventories in their present location and condition. Inventory conversion costs include costs directly attributable to manufacturing, such as direct labor costs. These costs also include systematically allocated amounts of fixed and variable overhead costs incurred in converting raw materials into finished goods.

The weighted average cost method (monthly) is applied in calculating the cost of stocks. Net realizable value is obtained by deducting the estimated cost of completion and the estimated costs that must be incurred to realize the sale from the estimated sales price in ordinary commercial activity. When the net realizable value of stocks falls below their cost, the stocks are reduced to their net realizable value, taking into account their useful life and quality, and are reflected as an expense in the statement of profit or loss in the year in which the impairment occurs. In cases where the conditions that previously caused stocks to be reduced to net realizable value no longer apply or an increase in net realizable value is proven due to changing economic conditions, the impairment provision is cancelled. The canceled amount is limited to the previously allocated impairment amount.

##### 2.2.3. Loans and borrowing cost

Loans are recorded at their value, on the date they are received, after deducting transaction costs from the loan amount (Note 7). Loans are subsequently stated at discounted cost using the effective interest method. The difference between the remaining amount after deducting transaction costs and the discounted cost value is reflected in the income statement as financing cost during the credit period. Financing costs arising from loans are recorded in the income statement in the period in which they are incurred.

Financial investment income obtained by temporarily utilizing the unspent portion of the investment-related loan in financial investments is offset against borrowing costs eligible for capitalization. All other borrowing costs are recorded in the income statement in the periods in which they are incurred. The Company has no borrowing costs capitalized in the current and previous periods regarding qualifying assets.

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

#### 2.2. Significant accounting estimates and decisions (Continued)

##### 2.2.4 Property, plant and equipment

Property, plant and equipment are carried with their cost after subtracting accumulated depreciation and impairment. Property, plant and equipment are depreciated principally on a straight-line basis.

Land is not depreciated as it is deemed to have an infinite life. The estimated useful lives of assets are as follows:

	<b>Useful lives</b>
Land improvements	8 - 15
Buildings	5 - 50
Plant, machinery and equipment	3 - 20
Vehicles	3 - 12
Furniture and fixtures	1 - 50

No depreciation is recognized for land and land improvements due to their infinite useful lives. Gains and losses on disposals of property, plant and equipment are recognized in profit or loss and are determined by comparing the net book value with the sales price and are included in operating profit. Repair and maintenance expenses are recognized as an expense as incurred. Repair and maintenance expenditures are capitalized if they result in an enlargement or a visible improvement to the related asset.

##### 2.2.5 Intangible assets

Intangible assets acquired separately from a business are capitalized at cost. Intangible assets, excluding development costs, created within the business are not capitalized and expenditure is charged against profits in the period in which it is incurred. Useful lives of intangible assets are determined as either finite or infinite. Intangible assets are amortized on a straight line basis over the estimated useful lives.

The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. Intangible assets with infinite useful life formed in the financial statements in accordance with purchase method, are not subject to amortization and the carrying amounts of such intangibles are reviewed for impairment at least annually and whenever there is an indication of possible impairment.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized. This difference is recognized in profit or loss when the asset is excluded from balance sheet.

	<b>Useful lives</b>
Rights	3-15
Research and development expenses	5
Other intangible assets	2-15

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

#### 2.2. Significant accounting estimates and decisions (Continued)

##### 2.2.6. Impairment of assets

For assets subject to depreciation, an impairment test is applied in case of situations or events in which it is not possible to recover the book value. If the book value of the asset exceeds its recoverable amount, an impairment loss provision is recorded. The recoverable amount is the greater of fair value or value in use, less costs to sell. To assess impairment, assets are grouped at the lowest level at which they have separate identifiable cash flows. Non-financial assets other than goodwill that are subject to impairment are reviewed for possible reversal of impairment at each reporting date. There is no impairment associated with profit or loss in the financial statements for the period 31 December 2023.

##### 2.2.7 Research and development expenses

Research expenses are recorded as expense when incurred. Project costs related to the development of new products or the testing and design of developed products are considered intangible assets if the project is commercially and technologically viable and the costs can be reliably determined. Other development expenses are recognized as expense when incurred. Development expenses recorded as expense in the previous period cannot be capitalized in the next period.

##### 2.2.8 Financial instruments

###### Financial assets

The Company measures the remaining financial assets, except trade receivables, other receivables and cash and cash equivalents, which do not have a significant financing component, at fair value when they are first recognized in the financial statements. If trade receivables do not have a significant financing component in accordance with TFRS 15 (or the Company chooses a facilitating application), these receivables are measured at the transaction price (as defined in TFRS 15) during their initial recognition in the financial statements.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

The Company classifies its financial assets as (a) Business model used for managing financial assets, (b) financial assets subsequently measured at amortized cost, at fair value through other comprehensive income or at fair value through profit or loss based on the characteristics of contractual cash flows. The Company reclassifies all financial assets effected from the change in the business model it uses for the management of financial assets. The reclassification of financial assets is applied prospectively from the reclassification date. In such cases, no adjustment is made to gains, losses (including any gains or losses of impairment) or interest previously recognized in the financial statements



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**NOTE 2 - Basis of presentation of financial statements (Continued)****2.2 Significant accounting estimates and decisions (Continued)***Financial assets carried at amortized cost*

A financial asset is measured at amortized cost if both of the following conditions are met:

- (a) holding the financial asset under a business model that aim to collect contractual cash flows;
- (b) the contractual terms of the financial asset result in cash flows at specified dates that include only payments of principal and interest on the principal outstanding balance.

Interest income on financial assets shown at amortized cost is calculated using the effective interest method. This income is calculated by applying the effective interest rate to the gross carrying amount of the financial asset except:

This income is calculated by applying the effective interest rate to the gross carrying amount of the financial asset, except:

- (a) Financial assets that are credit-impaired when purchased or created. For such financial assets, the Company applies a credit-adjusted effective interest rate to the amortized cost of the financial asset, as of its initial recognition.
- (b) Financial assets that were not credit-impaired financial assets when purchased or created but subsequently become credit-impaired financial assets. For such financial assets, the Company applies the effective interest rate to the amortized cost of the asset in subsequent reporting periods.

If the contractual cash flows of a financial asset have been changed or otherwise restructured and such modification or restructuring does not result in derecognition of the financial asset, the gross carrying amount of the financial asset is recalculated and the restructuring gain or loss is recognized in profit or loss.

In the absence of reasonable expectations regarding the partial or total recovery of a financial asset's value, the Company deducts the financial asset from the financial statements by directly deducting its gross book value.

*Financial assets at fair value through other comprehensive income*

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

- (a) Holding the financial asset under a business model that aims to collect the contractual cash flows and sell the financial asset;
- (b) The contractual terms of the financial asset result in cash flows at specified dates that include only payments of principal and interest on the principal outstanding balance.

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

#### 2.2 Significant accounting estimates and decisions (Continued)

Gains or losses on a financial asset measured at fair value through other comprehensive income, other than impairment gains or losses and foreign exchange gains or losses are determined until the financial asset is derecognised or reclassified, reflected in other comprehensive income. When a financial asset is reclassified the total gain or loss previously recognized in other comprehensive income is subtracted from equity as a reclassification adjustment and recognized in profit or loss at the reclassification date. If a financial asset measured at fair value through other comprehensive income is reclassified, the entity recognizes the total gain or loss that it previously recognized in other comprehensive income. Interest calculated using the effective interest method is recognized as profit or loss.

At initial recognition, the Company may make an irreversible choice to present subsequent changes in the fair value of the investment in an equity instrument not held for trading in other comprehensive income.

#### Financial assets at fair value through profit or loss

If a financial asset is not measured at amortized cost or at fair value through other comprehensive income, it is measured at fair value through profit or loss. The financial assets in question, which constitute derivative products that have not been determined as an effective hedge against financial risk, are also classified as financial assets at fair value through profit or loss. Relevant financial assets are shown at their fair values, and gains and losses resulting from the valuation are recognized in the statement of profit or loss.

#### Impairment

The Company makes a loss provision for expected credit losses related to financial assets carried at amortized cost and financial assets at fair value through other comprehensive income.

The Company applies the impairment provisions when recognizing and measuring the provision for loss for financial assets measured at fair value through other comprehensive income. However, the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of the financial asset in the statement of financial position.

If the credit risk on a financial instrument has increased significantly since initial recognition, Entity measures the loss allowance for that financial instrument at an amount equal to lifetime expected credit losses at each reporting date.

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**NOTE 2 - Basis of presentation of financial statements (Continued)****2.2 Significant accounting estimates and decisions (Continued)**

Gains or losses arising from a financial asset measured at fair value through other comprehensive income, excluding impairment gains or losses and foreign exchange gains or losses, are reflected in other comprehensive income until the financial asset is derecognized or reclassified. When a financial asset is reclassified, the total gain or loss previously recognized in other comprehensive income is removed from equity and recognized in profit or loss as a reclassification adjustment at the reclassification date. In case of reclassification of a financial asset measured at fair value through other comprehensive income, the entity recognizes the total gain or loss previously reflected in other comprehensive income. Interest calculated using the effective interest method is recognized in the financial statements as profit or loss.

The Company uses a simplified approach for trade receivables, contract assets and lease receivables, which are not significant financing elements, and calculates loss provisions always equal to lifetime expected credit losses.

*Financial Liabilities*

The Company measures the financial liability at its fair value when first recognizing it. In the initial measurement of liabilities other than those at fair value through profit or loss, transaction costs directly attributable to their acquisition or issuance are added to the fair value.

The company classifies all financial liabilities as measured at amortized cost at subsequent recognition, except for:

(a) Financial liabilities at fair value through profit or loss: These liabilities are measured at fair value at subsequent recognition, including derivatives.

(b) Financial liabilities arising if the transfer of the financial asset does not meet the requirements for derecognition or if the continuing relationship approach is applied: If the company continues to present an asset in the financial statements to the extent of its continuing relationship. It also reflects a related liability in the financial statements. The transferred asset and the associated liability are measured to reflect the rights and obligations that the entity continues to hold. The liability attached to the transferred asset is measured in the same manner as the net book value of the transferred asset.

(c) Contingent consideration recognized by the acquirer in a business combination to which TFRS 3 applies: After initial recognition, the fair value changes in such contingent consideration are measured through profit or loss.

The Company does not reclassify any financial liabilities.

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

#### 2.2 Significant accounting estimates and decisions (Continued)

##### *Recognition and derecognition of financial assets and liabilities*

The company records financial assets and liabilities only if it is a party to the contract of financial instruments. The Company derecognises the financial asset when its contractual rights to cash flows from the financial asset expire or transfer the related financial asset and all the risks and rewards of ownership of that asset to another party. In cases where all the risks and rewards of ownership of the asset are not transferred to another party and the control of the asset is retained by the Company, the Company continues to account for its remaining share in the asset and the liabilities arising from and due to this asset. In the event that the Company retains all the risks and rewards of ownership of a transferred asset, the financial asset continues to be accounted for and a collateralized liability against the transferred financial asset is also recognized for the revenues obtained. The company derecognises the financial liability only if the obligation defined in the contract is eliminated canceled or expired.

##### 2.2.9. Transactions in foreign currency

In the statutory accounts of the Company, transactions in foreign currencies (currencies other than Turkish lira) are translated into Turkish Lira ("TL") at the rates of exchange ruling at the transaction dates. Assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the balance sheet date. Gains and losses arising on settlement and translation of foreign currency items are included in the statements of income.

##### 2.2.10. Earnings per shares

Earnings/loss per share is the portion of the net profit or loss that accounts for the common share, which divided by the weighted average unit of common share. In Turkey, companies, can increase their capitals by the "bonus share" method that they distributed from the prior year profits. This type of "bonus share" distribution, is considered as issued share in the earnings per share calculations. Accordingly, weighted average share amount used in this calculations are computed by considering the prior effects of the distributed shares as well.

##### 2.2.11. Events after the reporting period

It refers to events that occur in favor of or against the enterprise between the balance sheet date and the date of authorization for the publication of the balance sheet. In case there is new evidence of the existence of the said events as of the balance sheet date or if the related events occur after the balance sheet date, the company discloses the said issues in the related footnotes.

In case of occurrence of events requiring adjustment after the balance sheet date, the company adjusts the amounts included in the financial statements in accordance with this new situation.

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**NOTE 2 - Basis of presentation of financial statements (Continued)****2.2 Significant accounting estimates and decisions (Continued)****2.2.12 Provisions, contingent liabilities and contingent assets**

Provisions are recognized when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

An asset that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain events that are not under the full control of the enterprise is considered a contingent asset. If the possibility of resources containing economic benefits entering the business is high, contingent assets are disclosed in the footnotes.

If contingent liabilities become probable but no reliable estimate can be made about the amount of resources containing economic benefits, the Company presents the relevant liability in the footnotes.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of receivable can be measured reliably.

**2.2.13 Related parties**

A related party is a person or entity that is related to the entity that prepares its financial statements.

**a) A person or a member of that person's immediate family is related to a reporting entity if: This person:**

- (i) Controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries).
- (ii) Has an interest in the entity that gives it significant influence over the entity; or
- (iii) Has joint control over the entity.

**(b) An entity is related to a reporting entity if any of the following conditions exist:**

- (i) The entity and the reporting entity are members of the same group (that is, each parent, subsidiary and other subsidiary is related to the others).
- (ii) The entity is a subsidiary or joint venture of the other entity (or a member of a group of which the other entity is a member).
- (iii) If both businesses are joint ventures of the same third party.
- (iv) If one of the entities is a joint venture of a third entity and the other entity is a subsidiary of that third entity.

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

#### 2.2 Significant accounting estimates and decisions (Continued)

(v) If the entity, the reporting entity, or an entity related to the reporting entity has post-employment benefit plans for employees, the sponsoring employers are also related to the reporting entity if the reporting entity itself has such a plan.

(vi) A person, who identified in (a) control the entity or joint entity.

(vii) A person identified in subparagraph (i) of (a) has significant influence over the entity or is a member of the key management personnel of that entity (or its parent).

A related party transaction is the transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a fee is charged.

#### 2.2.14 Current and deferred income tax

Current year tax liability is calculated on the taxable portion of the period profit. Taxable profit differs from the profit included in the statement of profit or loss because it excludes items that are taxable or deductible in other years and items that cannot be taxed or deducted. The Company's current tax liability is calculated using the tax rate that has been legalized or substantially legalized as of the balance sheet date.

Deferred tax is calculated using the liability method, based on temporary differences between the recorded values of assets and liabilities in the financial statements and their tax values. These temporary differences generally arise from the recognition of income and expenses in different reporting periods in accordance with CMB Financial Reporting Standards and Tax Laws.

In calculating deferred tax, tax rates enacted as of the balance sheet date in accordance with the tax legislation in the period in which it will occur are used.

While deferred tax liabilities are recognized for all taxable temporary differences, deferred tax assets consisting of deductible temporary differences are recognized provided that it is highly probable that these differences will be benefited from by generating taxable profits in the future.

If there is a legally enforceable right to offset current tax assets against current tax liabilities, deferred tax assets and deferred tax liabilities are offset against each other.

Tax is included in the statement of profit or loss provided that it does not relate directly to a transaction recognized in equity. Otherwise, the tax is accounted under equity along with the relevant transaction.



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**NOTE 2 - Basis of presentation of financial statements (Continued)****2.2 Significant accounting estimates and decisions (Continued)****2.2.15 Provision for retirement and severance pay**

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Company. Such payments are considered as being part of defined retirement benefit plan as per Turkish Accounting Standard 19 (revised) "Employee Benefits" ("TAS 19"). The retirement benefit obligation recognised in the balance sheet represents the net present value of the total due to retirement of all employees. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

**2.2.16 Statement of cash flow**

Cash and cash equivalents are reflected in the balance sheet at cost. Cash and cash equivalents considered for the cash flow statement include cash on hand, bank deposits and highly liquid investments. In the cash flow statement, cash flows for the period are classified and reported based on operating, investment and financing activities.

Cash flows from operating activities represent the cash flows from the Company's main activities. Cash flows related to investing activities show the cash flows used and obtained by the Company in its investment activities (asset investments and financial investments). Cash flows related to financing activities show the resources used by the Company in financing activities and the repayments of these resources.

**2.2.17 Capital and dividends**

Common shares are classified as equity. Dividends on common shares are recognized in equity in the period in which they are approved and declared.

**2.2.18 Netting/offset**

All items that are significant in terms of content and amount are shown separately in the financial statements, even if they are similar in nature. Amounts that are not significant are shown by adding up items that are similar in terms of their principles and functions. As a result of the nature of the transactions and events requiring offset, showing these transactions and events over their net amounts or monitoring the assets at their amounts after deducting the impairment loss is not considered a violation of the non-offsetting rule.

**2.2.19 Trade receivables and provisions for doubtful trade receivables**

Trade receivables resulting from the supply of a product to a buyer by the Company are shown net of unaccrued financial income. Trade receivables after unaccrued financial income are calculated by discounting the amounts to be obtained in the following periods of the receivables recorded from the original invoice value using the effective interest method. Short-term receivables with no specified interest rate are shown at cost, unless the effect of the original effective interest rate is significant. The Company allocates provision for doubtful receivables for related trade receivables. If there is an objective finding that collection is not possible.

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

#### 2.2 Significant accounting estimates and decisions (Continued)

The amount of this provision is the difference between the book value of the receivable and the recoverable amount. The recoverable amount is the discounted value of all cash flows including the amounts that can be collected from guarantees and guarantees based on the original effective interest rate of the trade receivable.

Following the provision for doubtful receivables. If all or part of the amount is collected, the collected amount is deducted from the doubtful receivables provision and accounted for under other operating income.

#### 2.2.20 Leases

##### *As a lessee*

At inception of a contract, the Company assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, The Company assess whether:

The company considers the following conditions when assessing whether a contract transfers the right to control the use of an identified asset for a specified period of time:

- a) the contract involved the use of an identified asset - this may be specified explicitly or implicitly.
- b) the asset should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, the asset is not identified.
- c) the Company has the right to obtain substantially all of the economic benefits from the use of an asset throughout the period of use; and
- d) the Company has the right to direct use of the asset. The Company concludes to have the right of use, when it is predetermined how and for what purpose the Company will use the asset. The Company has the right to direct use of asset if either:

After the above-mentioned assessments, the Company reflects a right-of-use asset and a lease liability in its financial statements at the actual commencement date of the lease.

- a) The Company has the right to manage and change how and for what purpose the asset will be used throughout the period of use. or
- b) Decisions on how and for what purpose the asset will be used are predetermined:
  - i. the Company has the right to operate (or to have the right to direct others to operate) the asset over its useful life and the lessor does not have the rights to change the terms to operate or;
  - ii. the Company designed the asset (or the specific features) in a way that predetermines how and for what purpose it is used.

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

#### 2.2 Significant accounting estimates and decisions (Continued)

##### Right-of-use asset

The company measures the right-of-use asset at its cost at the actual commencement date of the lease. The cost of the right-of-use asset includes:

- amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Company; and
- to apply a cost model, the Company measure the right-of-use asset at cost:

When applying the company cost method. the right-of-use asset:

- less any accumulated depreciation and any accumulated impairment losses; and
- adjusted for any remeasurement of the lease liability.

While depreciating the right of use asset, the company applies the depreciation provisions in TAS 16 Property, Plant and Equipment standard.

Company applies TAS 36 Impairment of Assets Standard to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

##### Lease liability

At the commencement date, The Company measure the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company use the lessee's incremental borrowing rate.

At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- The amount obtained by deducting all kinds of leasing incentive receivables from fixed payments,
- Lease payments that are dependent on an index or rate, the first measurement of which is made using an index or rate on the date when the lease actually begins,
- The lease period indicates that the lessee will exercise an option to terminate the lease. Penalty payments for termination of the lease, if it is shown.

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

#### 2.2 Significant accounting estimates and decisions (Continued)

After the commencement date, the Company measure the lease liability by:

- increasing the carrying amount to reflect interest on the lease liability;
- reducing the carrying amount to reflect the lease payments made; and
- remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in- substance fixed lease payments.

#### Facilitating applications

Short-term lease contracts with a lease term of 12 months or less and contracts for information technology equipment leases (predominantly printers, laptop computers, mobile phones, etc.) determined by the Company as low value are considered within the scope of the exception recognized by TFRS 16 Leases Standard. Payments related to contracts continue to be recognized as expenses in the period in which they occur.

#### As a lessor

All leases for which the Company is a lessor are classified as operating leases. In operating leases, the leased assets are classified under investment properties, tangible fixed assets or other current assets in the balance sheet and the rental income obtained is reflected in the income statement in equal amounts during the lease period. Rental income is reflected to the income statement on a straight-line basis throughout the rental period.

Additions to right-of-use assets, depreciation expenses and book values are presented in Note 7 by underlying asset class.

#### 2.2.21 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 December 2023 with the financial position statement prepared as of 31 December 2022; The profit or loss statement for the period 1 January- 31 December 2023, the profit or loss statement for the 1 January- 31 December 2022 accounting period, and the other comprehensive income statement for the 1 January- 31 December 2023 accounting period, the 1 January- 31 December 2022 accounting period, other comprehensive income statement, cash flow statement for the accounting period 1 January- 31 December 2023 and statements of changes in shareholders' equity are prepared comparatively with the related financial statements for the accounting period 1 January - 31 December 2022.

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**NOTE 2 - Basis of presentation of financial statements (Continued)****2.3 New and Revised Turkish Financial Reporting Standards**

Explanations regarding the effects of the new TAS/TFRS on financial statements:

**a. Standards, amendments, and interpretations applicable as of 31 December 2023:**

- **Narrow scope amendments to IAS 1, Practice Statement 2 and IAS 8;** effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.
- **Amendment to IAS 12 - Deferred tax related to assets and liabilities arising from a single transaction;** effective from annual periods beginning on or after 1 January 2023. These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.
- **IFRS 17, 'Insurance Contracts';** effective from annual periods beginning on or after 1 January 2023. This standard replaces IFRS 4, which permitted a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts.
- **Amendment to IAS 12 - International tax reform ;** The temporary exception is effective for December 2023 year ends and the disclosure requirements are effective for accounting periods beginning on or after 1 January 2023, with early application permitted. These amendments give companies temporary relief from accounting for deferred taxes arising from the Minimum Tax Implementation Handbook international tax reform. The amendments also introduce targeted disclosure requirements for affected companies.

**b. Standards, amendments, and interpretations that are issued but not effective as of 31 December 2023:**

- **Amendment to IAS 1 - Non-current liabilities with covenants;** effective from annual periods beginning on or after 1 January 2024. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.
- **Amendment to IFRS 16 - Leases on sale and leaseback;** effective from annual periods beginning on or after 1 January 2024. These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

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

#### 2.3 New and Revised Turkish Financial Reporting Standards (Continued)

- **Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements;** effective from annual periods beginning on or after 1 January 2024. These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.
- **Amendments to IAS 21 - Lack of Exchangeability;** effective from annual periods beginning on or after 1 January 2025. An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.
- **IFRS S1, 'General requirements for disclosure of sustainability-related financial information;** effective from annual periods beginning on or after 1 January 2024. This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain.
- **IFRS S2, 'Climate-related disclosures';** effective from annual periods beginning on or after 1 January 2024. This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.
- However, in the Board Decision of the POA published in the Official Gazette dated 29 December 2023, it was announced that certain businesses will be subject to mandatory sustainability reporting as of 1 January 2024. Businesses that fall within the scope of sustainability practice are counted for the purpose of determining the businesses that will be subject to Sustainability Reporting within the scope of the "Board Decision on the Scope of Application of Turkish Sustainability Reporting Standards (TSRS)" dated 5 January 2024.

#### 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 December 2023 accounting period.



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**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**

The company organizes a sales campaign for certain products at the beginning of the year. Afterwards, distributor fairs are held within the scope of the sale of the products produced in the first period of the year. In these fairs, checks, DDS and credit cards are received against the order amounts of the customers, and most of the orders are shipped in the first half of the year.

**2.7. Significant accounting judgments, estimates and assumptions**Fair values of derivatives and other financial instruments

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

Expected credit losses

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

**2.8. Incentives Provided by the State**

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

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### NOTE 3 - Segment reporting

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

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

### NOTE 4 - Cash and cash equivalents

	31 December 2023	31 December 2022
Demand deposit	141	5.521
Time deposit	779.191	470.832
Other cash equivalents	2.713	2.900
<b>Cash and cash equivalents in the statement of cash flows</b>	<b>782.045</b>	<b>479.253</b>
Interest income accruals	11.961	2.492
	<b>794.006</b>	<b>481.745</b>

The Company has no blocked deposits as of 31 December 2023 (31 December 2022: None).

As of 31 December 2023, the Company has allocated USD 2.600.000 equivalent of TL 76.539 from its bank deposits for the payments related to raw material and trade goods purchases to be made in the future periods in order to hedge against fluctuations in foreign exchange rates and the related amount has been subject to hedge accounting. (31 December 2022: USD 2.656.889 equivalent of TL 81.828)

### NOTE 5 - Financial investments

	31 December 2023	31 December 2022
	TL	TL
Short-term financial investment <sup>(*)</sup>	131.193	-
	<b>131.193</b>	<b>-</b>

<sup>(\*)</sup> Opened by converting 1.000.0000, 1.000.000, 1.000.000, 500.000, 800.000 USD, with interest of 39,00%, 35,00%, 35,00%, 18,00% and 18,00% respectively. The maturity dates of exchange rate protected deposit accounts are 15 April 2024, 8 May 2024, 15 May 2024, 12 February 2024 and 15 February 2024.

	31 December 2023		31 December 2022	
	%	TL	%	TL
Ülkü Kırtasiye Ticaret ve Sanayi A.Ş.	7,67	63	7,67	234
Other long-term investments <sup>(*)</sup>	-	713	-	-
		<b>776</b>		<b>63</b>

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

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**NOTE 6 - Investments accounted through equity method**

As of 31 December 2023 and 31 December 2022, the joint venture of the Company is as follows:

	31 December 2023	Share (%)	31 December 2022	Share (%)
LLC Faber-Castell Anadolu	-	50,00	-	50,00
	-		-	
<b>31 December 2023</b>	<b>Assets</b>	<b>Liabilities</b>	<b>Net sales</b>	<b>Profit/(loss)</b>
Faber-Castell Anadolu LLC	1.734	3.691	-	(1.911)
<b>31 December 2022</b>	<b>Assets</b>	<b>Liabilities</b>	<b>Net sales</b>	<b>Profit/(loss)</b>
Faber-Castell Anadolu LLC	779	2.025	-	(167)
			<b>2023</b>	<b>2022</b>
<b>1 January</b>			-	-
Jointly controlled partnership capital increase			1.121	-
Shares in profits/(losses) of investments valued by equity method (Note 19)			(1.121)	-
<b>31 December</b>			-	-

**NOTE 7 - Borrowings and right of use assets**

31 December 2023	Interest rate %	Balance
<b>Short term borrowings</b>		
TL loans	17,64 - 49,87	305.519
Issued Debt Instruments <sup>(1)</sup>	42,5-46,00	474.382
		<b>779.901</b>

<sup>(1)</sup> The Company will sell to qualified investors without public offering, 150.000 TL with 364 days maturity, simple 42,50% fixed interest, single coupon payment at redemption dated 17.07.2024, 15.03.2024 with 364 days maturity, simple 46,00% fixed interest, redemption dated 13.09.2024, and There are debt instruments worth 260.000 TL with 2 coupon payments on 13.09.2024.

As of 31 December 2023, the interest accrual calculated for the Company's short-term loans is classified within the relevant short-term bank loans, and the interest accrual calculated for the issued debt instruments is classified within the issued debt instruments.

31 December 2023	Interest rate %	Balance
<b>Short-term portions of long-term borrowings</b>		
Short-term portions of long-term finance leases	8,45	39.168
Short-term portions of long-term loans	12 - 17,32	27.076
Short-term portions of long-term issued debt instruments <sup>(1)</sup>	32,50	195.277
		<b>261.521</b>

<sup>(1)</sup> The Company has 150,000 TL bonds with a maturity of 376 days, a simple 32.50% fixed interest, and a single coupon payment at redemption dated 07.02.2024, to be sold to qualified investors without public offering in the country.

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### NOTE 7 - Borrowings and right of use assets (Continued)

As of 31 December 2023, 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 2023	Interest rate %	Balance
<b>Long term borrowings</b>		
Long-term lease liabilities	14,89-21,10	71.276
		<b>71.276</b>

The details of the Company's short and long-term borrowings as of 31 December 2022 are as follows;

31 December 2022	Interest rate %	Balance
<b>Short term borrowings</b>		
TL loans	14,6 - 26,57	802.263
		<b>802.263</b>

31 December 2022	Interest rate %	Balance
<b>Short-term portions of long-term borrowings</b>		
Short-term portions of long-term finance leases	8,00	16.283
Short-term portions of long-term loans	16,50	12.056
		<b>28.339</b>

As of 31 December 2022, the interest accrual calculated for the Company's short-term loans is classified within the relevant short-term bank loans.

31 December 2022	Interest rate %	Balance
<b>Long term borrowings</b>		
TL Loans	16,50	11.534
Long term lease liabilities	8,00	35.031
		<b>46.565</b>

As of 31 December 2023 and 31 December 2022, the maturity details of the Company's long-term loans and financial lease borrowings are given below.

31 December 2023	Total liabilities
1-2 years	71.276
	<b>71.276</b>
<b>31 December 2022</b>	<b>Total liabilities</b>
1-2 years	40.798
2-3 years	5.767
	<b>46.565</b>

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## ADEL KALEMCİLİK TİCARET VE SANAYİ ANONİM ŞİRKETİ

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**NOTE 7 - Borrowings and right of use assets (Continued)**

The movement table of bank loans is as follows:

	<b>2023</b>	<b>2022</b>
<b>1 January</b>	<b>825.853</b>	<b>1.379.690</b>
Cash inflows from borrowing	1.653.797	1.029.252
Cash outflows related to debt payments	(1.109.702)	(1.048.154)
Interest expense	299.048	274.016
Interest paid	(221.916)	(241.483)
Foreign exchanges gain/(loss)	-	13.337
Inflation differences	(444.826)	(580.805)
<b>31 December</b>	<b>1.002.254</b>	<b>825.853</b>

The movement table of lease liabilities is as follows:

	<b>2023</b>	<b>2022</b>
<b>1 January</b>	<b>51.221</b>	<b>7.799</b>
Cash inflow within the period	118.626	87.353
Cash outflows related to lease payments for the period	(43.070)	(28.297)
Interest expense	9.888	8.141
Interest paid	(2)	(7)
Foreign exchanges gain/(loss)	(50)	(42)
Inflation differences	(26.169)	(23.633)
<b>31 December</b>	<b>110.444</b>	<b>51.314</b>

The movement table of the right-of-use assets of the Company as of 31 December 2023 and 31 December 2022 is given below.

<b>Right of use assets</b>	<b>Vehicles</b>	<b>Buildings</b>	<b>Total</b>
As of 1 January 2023,	34.293	35.045	69.338
Additions	10.925	4.619	15.544
Disposal	-	(12.316)	(12.316)
Changes in contracts	-	103.082	103.082
Current depreciation expense <sup>(*)</sup>	(17.241)	(23.626)	(40.867)
<b>As of 31 December 2023,</b>	<b>27.977</b>	<b>106.804</b>	<b>134.781</b>

(\*) 394 TL of depreciation expenses are included in the cost of goods sold, 5.512 TL in general administrative expenses, and 34.961 TL in marketing, sales and distribution expenses.

<b>Right of use assets</b>	<b>Vehicles</b>	<b>Buildings</b>	<b>Total</b>
As of 1 January 2022,	9.571	-	9.571
Addition	34.784	52.568	87.352
Current depreciation expense	(10.062)	(17.523)	(27.585)
<b>As of 31 December 2022,</b>	<b>34.293</b>	<b>35.045</b>	<b>69.338</b>

(\*) 160 TL of depreciation expenses are included in the cost of goods sold, 2.520 TL in general administrative expenses, and 24.905 TL in marketing, sales and distribution expenses.

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### NOTE 8 - Trade receivables and payables

As of 31 December 2023 and 2022, the Company's trade receivables are as follows:

<b>Trade Receivables</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Trade receivables from related parties (Note 24)	51.880	17.250
Trade receivables from third parties	66.574	75.728
	<b>118.454</b>	<b>92.978</b>
<b>Trade receivables from third parties</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Cheques and notes receivables	963	1.136
Trade receivables	75.690	85.882
Rediscount	(3.701)	(1.640)
Provisions for doubtful trade receivables	(6.378)	(9.650)
	<b>66.574</b>	<b>75.728</b>

As of 31 December 2023 and 2022, the movement table for doubtful trade receivables is as follows:

	<b>2023</b>	<b>2022</b>
<b>1 January</b>	<b>9.650</b>	<b>15.034</b>
Provision recognized during the period	544	689
Reversal of provision	(22)	-
Inflation correction differences	(3.794)	(6.073)
<b>31 December</b>	<b>6.378</b>	<b>9.650</b>
<b>Trade payables</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Trade payables to related parties (Note 24)	6.658	1.145
Trade payables to third parties	132.975	94.118
	<b>139.633</b>	<b>95.263</b>
<b>Trade payables to third parties</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Suppliers	127.810	95.146
Other trade payables	11.188	24
Rediscount (-)	(6.023)	(1.052)
	<b>132.975</b>	<b>94.118</b>



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**NOTE 9 - Other receivables and payables**

<b>Other receivables</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Other receivables from related parties (Note 23)	-	221
Other receivables from third parties	7.381	2.821
	<b>7.381</b>	<b>3.042</b>
<b>Other receivables from third parties</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Sublease receivables	4.155	-
Deposits and guarantees given	1.138	1.166
Receivables from employees	1.834	429
Other miscellaneous receivables	254	1.226
	<b>7.381</b>	<b>2.821</b>
<b>Other long-term receivables</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Sublease receivables	383	-
	<b>383</b>	<b>-</b>
<b>Other payables</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Other payables to third parties	396	2.607
	<b>396</b>	<b>2.607</b>
<b>Other payables to third parties</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Taxes, fees and deductions payables	-	2.206
Other	396	401
	<b>396</b>	<b>2.607</b>
<b>Employee benefit liabilities</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Social security premiums payable	12.331	10.024
Due to employees	17.878	18.783
Other withholding tax liabilities	29.893	16.730
	<b>60.102</b>	<b>45.537</b>
<b>Long-term employee benefit liabilities</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Due to employees	9.621	-
	<b>9.621</b>	<b>-</b>

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### NOTE 10 - Inventories

	31 December 2023	31 December 2022
Raw materials	186.383	184.662
Semi-finished goods	67.856	61.574
Finished goods	181.272	114.205
Trade goods	189.715	140.527
Other inventories	6.730	5.579
Impairment of inventories <sup>(*)</sup>	(16.356)	(13.487)
	<b>615.600</b>	<b>493.060</b>

<sup>(\*)</sup> As of 31 December 2023 and 2022, the movement table regarding the stock impairment provision allocated as a result of the evaluation regarding the recoverability of stocks is as follows:

	2023	2022
<b>1 January</b>	<b>13.487</b>	<b>7.280</b>
Provisions no longer required (-)	(11.040)	(16.077)
Addition	13.909	22.284
<b>31 December</b>	<b>16.356</b>	<b>13.487</b>

### NOTE 11 - Property, plant and equipment

	Lands	Land improvements and buildings	Buildings	Machinery and equipment	Vehicles	Furniture and fixtures	Construction in progress	Special Costs	Total
<b>As of 1 January 2023,</b>									
Cost	30.023	14.224	465.616	640.298	10.495	183.774	35.080	1.496	1.381.006
Accumulated depreciation	-	(11.500)	(75.008)	(497.769)	(10.380)	(159.617)	-	(1.341)	(755.615)
<b>Net book value</b>	<b>30.023</b>	<b>2.724</b>	<b>390.608</b>	<b>142.529</b>	<b>115</b>	<b>24.157</b>	<b>35.080</b>	<b>155</b>	<b>625.391</b>
<b>Opening balance</b>	<b>30.023</b>	<b>2.724</b>	<b>390.608</b>	<b>142.529</b>	<b>115</b>	<b>24.157</b>	<b>35.080</b>	<b>155</b>	<b>625.391</b>
Additions	-	-	2.108	7.014	-	7.014	-	2.123	18.259
Disposal cost	-	-	-	(389)	-	(15.613)	(3.592)	-	(19.594)
Disposal depreciation	-	-	-	251	-	13.024	-	-	13.275
Transfers	-	-	-	-	-	-	(31.488)	-	(31.488)
Depreciation <sup>(*)</sup>	-	(1.373)	(10.418)	(28.110)	(90)	(8.517)	-	(140)	(48.648)
<b>Closing balance</b>	<b>30.023</b>	<b>1.351</b>	<b>382.298</b>	<b>121.295</b>	<b>25</b>	<b>20.065</b>	<b>-</b>	<b>2.138</b>	<b>557.195</b>
<b>As of 31 December 2023,</b>									
Cost	30.023	14.224	467.724	646.923	10.495	175.175	-	3.619	1.348.183
Accumulated depreciation	-	(12.873)	(85.426)	(525.628)	(10.470)	(155.110)	-	(1.481)	(790.988)
<b>Net book value</b>	<b>30.023</b>	<b>1.351</b>	<b>382.298</b>	<b>121.295</b>	<b>25</b>	<b>20.065</b>	<b>-</b>	<b>2.138</b>	<b>557.195</b>

<sup>(\*)</sup> 37.946 TL of depreciation expenses are included in the cost of goods sold, 1.043 TL in general administrative expenses, 1.613 TL in research and development expenses and 8.046 TL in marketing, sales and distribution expenses.

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

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**NOTE 11 - Property, plant and equipment (Continued)**

	Lands	Land improvements and buildings	Buildings	Machinery and equipment	Vehicles	Furniture and fixtures	Construction in progress		Total
<b>As of 1 January 2022,</b>									
Cost	30.023	14.224	472.306	628.697	10.495	179.532	28.918	1.566	1.365.741
Accumulated depreciation	-	(9.874)	(73.614)	(469.074)	(10.113)	(149.369)	-	(1.273)	(713.317)
<b>Net book value</b>	<b>30.023</b>	<b>4.350</b>	<b>398.692</b>	<b>159.623</b>	<b>382</b>	<b>30.163</b>	<b>28.918</b>	<b>293</b>	<b>652.444</b>
<b>Opening balance</b>	<b>30.023</b>	<b>4.350</b>	<b>398.692</b>	<b>159.623</b>	<b>382</b>	<b>30.163</b>	<b>28.918</b>	<b>293</b>	<b>652.444</b>
Additions	-	-	2.284	16.291	-	6.848	13.167	-	38.590
Disposal cost	-	-	(8.974)	(5.268)	-	(2.606)	-	(70)	(16.918)
Disposal depreciation	-	-	8.974	4.157	-	1.493	-	70	14.694
Transfers	-	-	-	578	-	-	(7.005)	-	(6.427)
Depreciation <sup>(1)</sup>	-	(1.626)	(10.368)	(32.852)	(267)	(11.741)	-	(138)	(56.992)
<b>Closing balance</b>	<b>30.023</b>	<b>2.724</b>	<b>390.608</b>	<b>142.529</b>	<b>115</b>	<b>24.157</b>	<b>35.080</b>	<b>155</b>	<b>625.391</b>
<b>As of 31 December 2022,</b>									
Cost	30.023	14.224	465.616	640.298	10.495	183.774	35.080	1.496	1.381.006
Accumulated depreciation	-	(11.500)	(75.008)	(497.769)	(10.380)	(159.617)	-	(1.341)	(755.615)
<b>Net book value</b>	<b>30.023</b>	<b>2.724</b>	<b>390.608</b>	<b>142.529</b>	<b>115</b>	<b>24.157</b>	<b>35.080</b>	<b>155</b>	<b>625.391</b>

<sup>(1)</sup> 42.878 TL of depreciation expenses is included in the cost of goods sold, 3.250 TL is included in general administrative expenses, 1.194 TL is included in research and development expenses, and 9.670 TL is included in marketing, sales and distribution expenses.

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(Amounts are expressed in thousands of Turkish lira ("TL") unless otherwise stated.)

### NOTE 12 - Intangible assets

Intangible assets include computer software, rights and development costs.

	Rights	Developments	License agreements	Other intangible assets	Total
<b>As of 1 January 2023,</b>					
Cost	1.987	14.920	151.779	13.110	181.796
Accumulated amortizations	(1.780)	(5.420)	(120.703)	(7.211)	(135.114)
<b>Net book value</b>	<b>207</b>	<b>9.500</b>	<b>31.076</b>	<b>5.899</b>	<b>46.682</b>
<b>Opening balance</b>	<b>207</b>	<b>9.500</b>	<b>31.076</b>	<b>5.899</b>	<b>46.682</b>
Additions	236	15.893	4.260	-	20.389
Transfers	-	28.867	2.621	-	31.488
Depreciation <sup>(1)</sup>	(174)	(4.032)	(11.810)	(3.546)	(19.562)
<b>Closing balance</b>	<b>269</b>	<b>50.228</b>	<b>26.147</b>	<b>2.353</b>	<b>78.997</b>
<b>As of 31 December 2023,</b>					
Cost	2.223	59.680	158.660	13.110	233.673
Accumulated amortizations	(1.954)	(9.452)	(132.513)	(10.757)	(154.676)
<b>Net book value</b>	<b>269</b>	<b>50.228</b>	<b>26.147</b>	<b>2.353</b>	<b>78.997</b>

<sup>(1)</sup> For the current period, amortization shares include 7.564 TL in the cost of goods sold, 1.168 TL in general administrative expenses, 2.465 TL in research and development expenses and 8.365 TL in marketing, sales and distribution expenses. has been made.

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**NOTE 12 - Intangible assets (Continued)**

	Rights	Developments	License agreements	Other intangible assets	Total
<b>As of 1 January 2022,</b>					
Cost	1.987	12.000	140.410	13.110	167.507
Accumulated amortizations	(1.592)	(3.010)	(109.848)	(4.781)	(119.231)
<b>Net book value</b>	<b>395</b>	<b>8.990</b>	<b>30.562</b>	<b>8.329</b>	<b>48.276</b>
<b>Opening balance</b>	<b>395</b>	<b>8.990</b>	<b>30.562</b>	<b>8.329</b>	<b>48.276</b>
Additions	-	419	7.676	-	8.095
Cost of disposal	-	-	(233)	-	(233)
Accumulated amortization of disposal	-	-	72	-	72
Transfers	-	2.501	3.926	-	6.427
Amortizations <sup>(1)</sup>	(188)	(2.410)	(10.927)	(2.430)	(15.955)
<b>Closing balance</b>	<b>207</b>	<b>9.500</b>	<b>31.076</b>	<b>5.899</b>	<b>46.682</b>
<b>As of 31 December 2022,</b>					
Cost	1.987	14.920	151.779	13.110	181.796
Accumulated amortizations	(1.780)	(5.420)	(120.703)	(7.211)	(135.114)
<b>Net book value</b>	<b>207</b>	<b>9.500</b>	<b>31.076</b>	<b>5.899</b>	<b>46.682</b>

<sup>(1)</sup> For the current period, amortization shares include 1,813 TL in the cost of goods sold, 685 TL in general administrative expenses, 2,157 TL in research and development expenses, and 11,300 TL in marketing, sales and distribution expenses, has been made.

**NOTE 13 - Provisions, contingent assets and liabilities**

	31 December 2023	31 December 2022
Provisions for lawsuits	187	1.305
	<b>187</b>	<b>1.305</b>

9 employees of the Company have filed 7 lawsuits against the Company for the cancellation of their employment contracts, reinstatement and other compensation claims and a provision for lawsuits amounting to TL 187 has been set aside as a result of the evaluations of the lawyers in relation to the related lawsuits.

	2023	2022
<b>As of 1 January,</b>	<b>1.305</b>	<b>3.914</b>
Provisions no longer required (-)	(605)	(1.078)
Inflation difference	(513)	(1.531)
<b>As of 31 December,</b>	<b>187</b>	<b>1.305</b>

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2023 AND 31 DECEMBER 2022

(Amounts are expressed in thousands of Turkish lira ("TL") unless otherwise stated.)

### NOTE 13 - Provisions, contingent assets and liabilities (Continued)

#### Contingent liabilities and contingent assets

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

2014/14137E, 2014/15246E, 2014/16896E, filed under Izmir 2, 8, 10 and 14th Enforcement Directorate, as a result Adel Kalemcilik Ticaret ve Sanayi A.Ş.'s inability to collect its receivable of 594 TL 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 December 2023. The company has objected to the enforcement proceedings in question and the proceedings are continuing.

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

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

#### Deposits and guarantees given

	<b>31 December 2023</b>	<b>31 December 2022</b>
Letters of credit	121.886	41.989
Guarantees letter	30.662	54.322



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**NOTE 13 - Provisions, contingent assets and liabilities (Continued)**

As of 31 December 2023 and 31 December 2022, the tables regarding the Company's collateral/pledge/mortgage ("CPM") position are as follows:

**31 December 2023**

<b>Letter of guarantees, pledge and mortgages provided by the Company</b>		<b>TL equivalents</b>	<b>EUR</b>	<b>TL</b>
A.	Total amount of GPMs given on behalf of the Company's legal personality	121.886	-	121.886
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	-	-	-
		<b>121.886</b>	<b>-</b>	<b>121.886</b>

**31 December 2022**

<b>Letter of guarantees, pledge and mortgages provided by the Company</b>		<b>TL equivalents</b>	<b>EUR</b>	<b>TL</b>
A.	Total amount of GPMs given on behalf of the Company's legal personality	41.989	-	41.989
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	-	-	-
		<b>41.989</b>	<b>-</b>	<b>41.989</b>

The ratio of other CPMs given by the Company to the Company's equity capital is 0% as of 31 December 2023 (31 December 2022: 0%).

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2023 AND 31 DECEMBER 2022

(Amounts are expressed in thousands of Turkish lira ("TL") unless otherwise stated.)

### NOTE 14 - Employee benefits

Short term employee benefits	31 December 2023	31 December 2022
Premium accruals	5.803	5.363
Provisions for unused vacations	2.575	1.534
	<b>8.378</b>	<b>6.897</b>
Long term employee benefits	31 December 2023	31 December 2022
Provisions for employee termination benefits	28.890	62.512
	<b>28.890</b>	<b>62.512</b>

The movement table of unused vacation accruals as of 31 December 2023 and 2022 is as follows:

	2023	2022
<b>As of 1 January,</b>	<b>1.534</b>	<b>2.348</b>
Addition	11.168	8.396
Charge for the period	(9.528)	(8.293)
Inflation Difference	(599)	(917)
<b>As of 31 December,</b>	<b>2.575</b>	<b>1.534</b>

### 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 2024, the severance pay to be paid is subject to a monthly ceiling of 35.058,58 full TL (1 January 2023: 19.982,83 TL). 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 December 2023 and 2022, provisions in the attached financial statements are calculated by estimating the present value of the possible future liability arising from the retirement of employees.

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**NOTE 14 - Employee benefits (Continued)**

	<b>2023</b>	<b>2022</b>
<b>As of 1 January,</b>	<b>62.512</b>	<b>39.445</b>
Service cost	24.177	33.591
Severance pay paid	(38.056)	(3.867)
Actuarial losses	4.366	12.341
Inflation difference	(24.109)	(18.997)
<b>As of 31 December,</b>	<b>28.890</b>	<b>62.513</b>
	<b>31 December 2023</b>	<b>31 December 2022</b>
Discount rate (%)	1,72	0,49
Turnover rate used in retirement probability calculation (%)	92,60	92,73

**NOTE 15 - Other assets and liabilities**

<b>Short-term prepaid expenses</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Advances given	8.591	14.005
Prepaid expenses for the next months	8.859	6.494
	<b>17.450</b>	<b>20.499</b>
<b>Current tax assets</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Prepaid taxes and funds	99.912	40.368
	<b>99.912</b>	<b>40.368</b>
<b>Other current assets</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Deffered VAT	44.288	24.147
Advances to personnel	10	39
Work advance	25	389
Other miscellaneous current assets	5	169
	<b>44.328</b>	<b>24.744</b>
<b>Long-term prepaid expenses</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Prepaid expenses for future years	6.631	8.206
	<b>6.631</b>	<b>8.206</b>
<b>Deffered income</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Advances received	154.211	9.015
Short-term deferred income	4.519	1.465
	<b>158.730</b>	<b>10.480</b>

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2023 AND 31 DECEMBER 2022

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### NOTE 16 - Capital, reserves and other equity items

#### Equity

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

	<b>31 December 2023</b>		<b>31 December 2022</b>	
	<b>% Share</b>	<b>Amount</b>	<b>% Share</b>	<b>Amount</b>
AG Anadolu Grubu Holding A.Ş.	56,89	13.439	56,89	13.439
Faber - Castell Aktiengesellschaft	15,4	3.638	15,4	3.638
Shares publicly held	27,71	6.548	27,71	6.548
<b>Paid in capital</b>	<b>100,00</b>	<b>23.625</b>	<b>100,00</b>	<b>23.625</b>
Inflation adjustment to share capital		376.100		376.100
<b>Total capital</b>		<b>399.725</b>		<b>399.725</b>

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 3.637.941 registered shares amounting to TL 3.638 and 19.987.059 registered shares amounting to TL 19.987 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".

As of 31 December 2023, the inflation-adjusted amount of legal reserves in the statutory records is 305.336 TL.

	<b>31 December 2023</b>	<b>31 December 2022</b>
Legal reserves	193.751	191.901
Real estate and subsidiary shares sales profit	2.916	2.917
R&D investment fund	781	-
	<b>197.448</b>	<b>194.818</b>

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**NOTE 16 - Capital, reserves and other equity items (Continued)****Retained Earnings**

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

	<b>31 December 2023</b>	<b>31 December 2022</b>
Extraordinary reserves	95.585	136.149
Other retained earnings/(loss)	(9.879)	(8.584)
	<b>85.706</b>	<b>127.565</b>

As of 31 December 2023 and 2022, the fund items included in shareholders' equity in the financial statements prepared in accordance with the Tax Procedure Law are as follows.

<b>Retained Earnings</b>	<b>CPI Adjusted Statutory Entries</b>	<b>PPI Adjusted Statutory Entries</b>	<b>Followed amount of profit or loss brought forward</b>
Adjustments to share capital	517.253	376.100	141.153
Reserves on retained earning	322.353	197.448	124.905

As of 1 January 2022, the Company's previous years' profit/(loss) without inflation accounting is 78.436 TL, while the previous years' profit/(loss) with inflation accounting is 191.849 TL.

As of 31 December 2022, the Company's previous years' profit/(loss) amount without inflation accounting is 55.576 TL while its previous years' profit/(loss) amount with inflation applied is 127.562 TL.

**Dividend distribution**

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

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

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

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### NOTE 16 - Capital, reserves and other equity items (Continued)

#### Dividend distribution (Continued)

At the Ordinary General Meeting held on 13 April 2023, since there was no Net Distributable Period Profit according to the statutory records in the Profit Distribution Table prepared within the scope of the Capital Markets Board Dividend Guide for the 2022 activity year of our Company, the previous year's profits will be used as the other source planned to be distributed on 31 December 2023. As of the date, the gross profit share of 19.802 full TL, calculated on the basis of purchasing power, will be distributed to full taxpayer institutions at the rate of 76,2% gross amounting to 0,8381 full TL for each share with a nominal value of 1 full TL and 0,7543 for each share with a nominal value of 1 full TL. It was decided to distribute a net cash dividend of 68,58% in full TL, and dividend payments started and were completed on 27 September 2023.

	31 December 2023	31 December 2022
Dividends distributed to shareholders	19.802	16.171
	<b>19.802</b>	<b>16.171</b>

### NOTE 17 - Revenue and cost of sales

	1 January - 31 December 2023	1 January - 31 December 2022
Domestic sales	2.752.885	1.962.486
Foreign sales	156.234	125.404
Sales discounts (-)	(647.364)	(412.768)
<b>Net sales</b>	<b>2.261.755</b>	<b>1.675.122</b>
<b>Cost of sales (-)</b>	<b>(1.205.803)</b>	<b>(1.253.242)</b>
<b>Gross profit</b>	<b>1.055.952</b>	<b>421.880</b>

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

	1 January - 31 December 2023	1 January - 31 December 2022
Direct material cost	530.964	647.010
General production expenses	203.067	140.326
Direct labour costs	105.328	107.198
Depreciation and amortization expenses	45.904	44.850
Provision for inventories	13.909	22.284
Change in semi-finished goods	(6.283)	(50.063)
Change in finished goods	(78.107)	(103.124)
<b>Cost of products sold</b>	<b>814.782</b>	<b>808.481</b>
Cost of goods sold	391.021	444.761
<b>Cost of sales</b>	<b>1.205.803</b>	<b>1.253.242</b>



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**NOTE 18 - Expenses by natures**

The operating expenses of the Company are as follows.

	<b>1 January - 31 December 2023</b>	<b>1 January - 31 December 2022</b>
Raw materials, supplies and merchandise	837.595	938.584
Personnel expenses	562.401	352.924
Domestic sales expenses	58.499	43.879
Depreciation and amortization expenses	109.077	100.532
Service expenses received	91.385	42.902
Information systems expenses	21.046	17.812
Other expenses	221.098	194.668
	<b>1.901.101</b>	<b>1.691.301</b>

By nature expenses include cost of sales, research and development expenses, marketing, selling and distribution expenses and general administrative expenses.

	<b>1 January - 31 December 2023</b>	<b>1 January - 31 December 2022</b>
Cost of sales	1.205.803	1.253.242
Research and development expenses	12.383	10.152
Marketing, selling and distribution expenses	398.264	282.259
General administration expenses	284.651	145.648
	<b>1.901.101</b>	<b>1.691.301</b>

The distribution of personnel expenses in research and development expenses, cost of sales, general administrative expenses and marketing, selling and distribution expenses is as follows:

<b>Personnel expenses</b>	<b>2023</b>	<b>2022</b>
Research and development expenses	7.620	6.146
Cost of sales	239.401	159.516
Marketing, selling and distribution expenses	150.499	100.521
General administrative expenses	164.881	86.741
	<b>562.401</b>	<b>352.924</b>

**Research and development expenses**

	<b>2023</b>	<b>2022</b>
Personnel expenses	7.620	6.146
Depreciation and amortization expenses	4.078	3.351
Other expenses	685	655
	<b>12.383</b>	<b>10.152</b>

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**NOTE 18 - Expenses by natures (Continued)**

<b>Marketing sales distrubution expenses</b>	<b>2023</b>	<b>2022</b>
Personnel expenses	150.499	100.521
Domestic sales expenses	56.048	41.691
Advertising expenses	27.583	15.157
Depreciation and amortization expenses	51.372	45.875
Business and services license expenses	33.724	18.583
Other expenses	79.038	60.432
	<b>398.264</b>	<b>282.259</b>
<b>General administrative expenses</b>	<b>2023</b>	<b>2022</b>
Personnel expenses	164.881	86.740
Depreciation and amortization expenses	7.723	6.454
Business and services	73.067	28.628
Other expenses	38.980	23.826
	<b>284.651</b>	<b>145.648</b>

**NOTE 19 - Other operating and investment activities income and expenses**

	<b>1 January - 31 December 2023</b>	<b>1 January - 31 December 2022</b>
<b>Other income from main operations</b>		
Currency translation income	56.528	16.622
Rediscount interes gains	7.980	6.517
Other	9.090	9.997
	<b>73.598</b>	<b>33.136</b>
	<b>1 January - 31 December 2023</b>	<b>1 January - 31 December 2022</b>
<b>Other operating expense</b>		
Rediscount interes loss	7.142	-
Currency translation expense	12.821	10.778
Donation expenses	16.733	7.528
Other	12.043	5.815
	<b>48.739</b>	<b>24.121</b>

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**NOTE 20 - Income and expense from investment activities**

	1 January - 31 December 2023	1 January - 31 December 2022
<b>Income from investment activities</b>		
Gain on sale of investment funds	4.015	-
Dividend income from subsidiaries	25	133
Profit on sale of other property, plant and equipment, net	495	703
	<b>4.535</b>	<b>836</b>
<b>Expenses from investment activities</b>		
Loss on sale of other property, plant and equipment (-)	(162)	(137)
	<b>(162)</b>	<b>(137)</b>
<b>Share from income/(loss) of investment valued by equity method</b>		
LCC Faber-Castell Anadolu	(1.121)	-
	<b>(1.121)</b>	<b>-</b>

**NOTE 21 - Finance income and expenses**

	1 January - 31 December 2023	1 January - 31 December 2022
<b>Finance income</b>		
Foreign exchange income	46.611	23.810
Interest income	123.439	52.042
Interest income from sublease	1.240	-
Income on hedge	-	3.075
Income on currency-protected interest	43.051	19.403
	<b>214.341</b>	<b>98.330</b>
<b>Finance expenses</b>		
Interest expenses	310.177	281.663
Foreign exchange expenses	12.820	1.109
Expenses on hedge	-	13.337
	<b>322.997</b>	<b>296.109</b>

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2023 AND 31 DECEMBER 2022

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### NOTE 22- 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 December 2023	1 January - 31 December 2022
Current period statutory tax provision (-)	(133.491)	(819)
Deferred tax income	127.658	(6.657)
<b>Total deferred tax income, net</b>	<b>(5.833)</b>	<b>(7.476)</b>

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

	2023	2022
<b>Profit/(loss) before tax</b>	<b>441.799</b>	<b>(11.952)</b>
Tax rate	25%	23%
Calculated tax expenses	110.450	(2.749)
Non tax deductible expenses	10.231	4.615
Investment allowances	-	(5.835)
Research and development allowances	(3.185)	(8.169)
Tax exempt income	(14.289)	(760)
Other	239	(255)
Inflation difference	(97.613)	20.629
<b>Tax income</b>	<b>5.833</b>	<b>7.476</b>
	<b>31 December 2023</b>	<b>31 December 2022</b>
Period income tax provision	(133.491)	(819)
Prepaid tax expenses (-)	233.403	40.368
<b>Profit for the period tax (liability)/receivable, net</b>	<b>99.912</b>	<b>39.549</b>

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**NOTE 22- Income taxes (Continued)****Tax Advantages Obtained Within the Scope of Investment Incentive System:**

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

Within the scope of the Company's incentive certificates, there is no reduced corporate tax advantage used against the current period legal tax. (31 December 2022: 5.624 TL)

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 31 December 2023, the Company used an R&D discount advantage of 3.185 TL (31 December 2022: 8.169 TL) in return for legal tax.

	<b>Total temporary differences</b>		<b>Deferred tax</b>	
	<b>31 December 2023</b>	<b>31 December 2022</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Tangible and intangible assets	109.543	(501.354)	27.386	(100.271)
Provisions for employee termination benefits	35.765	62.201	8.941	12.440
Provisions for subsidiary premium	-	-	-	-
Provision for loyalty	-	625	-	125
Provision for decrease in value of inventories	(62.939)	(77.963)	(15.735)	(15.593)
Incentive premium accruals	23.494	2.014	5.874	403
Other adjustment	(9.445)	2.121	(2.365)	425
<b>Deferred tax receivable/(liability)</b>	<b>96.418</b>	<b>(512.356)</b>	<b>24.101</b>	<b>(102.471)</b>

**NOTE 23 - Earning 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.

	<b>1 January - 31 December 2023</b>	<b>1 January - 31 December 2022</b>
Profit/(loss) for the period	435.966	(19.427)
Average number of shares (1-TL nominal value weighted average number of shares)	23.625.000	23.625.000
<b>Earnings per share/(loss) (Full TL)</b>	<b>18,4536</b>	<b>(0,8223)</b>

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**NOTE 24 - Related parties transactions****a) Related Parties' Balances**

	<b>Receivables from related parties</b>	
	<b>31 December 2023</b>	<b>31 December 2022</b>
A.W. Faber-Castell Vertrieb GmbH (3)	4.768	943
Migros Ticaret A.Ş. (3)	45.609	10.648
LLC Faber-Castell Anadolu (2)	1.032	1.079
A.W. Faber Castell Peruana SA (3)	1	1.354
Aep Anadolu Etap Penkon (3)	2.554	1.788
Aep Anadolu Etap Penkon Gıda ve İçecek (3)	-	211
Coca Cola Satış ve Dağıtım A.Ş.	204	-
Other	719	1.523
	<b>54.887</b>	<b>17.546</b>
Less: Rediscount on receivables/payables (-)	(3.007)	(296)
	<b>51.880</b>	<b>17.250</b>

**Related Parties' Balances**

	<b>Payable to related parties</b>	
	<b>31 December 2023</b>	<b>31 December 2022</b>
AG Anadolu Grubu Holding A.Ş. (1)	6.955	1.089
AEH Sigorta Acentalığı A.Ş. (3)	4	33
Other	19	28
	<b>6.978</b>	<b>1.150</b>
Less: Rediscount on receivables/payables (-)	(320)	(5)
	<b>6.658</b>	<b>1.145</b>

1) Partners

2) Joint ventures

3) Other companies managed by the partner

<b>Other receivables from related parties</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
Ülkü Kırtasiye Ticaret ve Sanayi A.Ş.	-	221
	<b>-</b>	<b>221</b>



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**NOTE 24 - Related parties transactions (Continued)****b) Related Parties' transactions**

<b>Product purchase</b>	<b>1 January - 31 December 2023</b>	<b>1 January - 31 December 2022</b>
A.W. Faber-Castell Vertrieb GmbH (3)	102.057	132.981
A.W. Faber-Castell (Guangzhou) Stationery Co. Ltd. (3)	69.525	50.335
A.W. Faber Castell (M) Sdn.Bhd. (3)	84.820	33.911
Pt. Pencil Lead Indonesia (3)	20.747	17.462
Others	3.125	3.593
	<b>280.274</b>	<b>238.282</b>
<b>Product sales</b>	<b>1 January - 31 December 2023</b>	<b>1 January - 31 December 2022</b>
Migros Ticaret A.Ş. (3)	83.768	31.067
A.W. Faber Castell Peruana (3)	6.431	4.728
A.W. Faber-Castell Vertrieb GmbH (3)	12.828	11.674
A.W. Faber Castell Brezilya S.A. (3)	1.365	1.109
Others	3.287	1.664
	<b>107.679</b>	<b>50.242</b>
<b>Services received</b>	<b>1 January - 31 December 2023</b>	<b>1 January - 31 December 2022</b>
AG Anadolu Grubu Holding A.Ş. (1)	32.290	20.297
Moneypay Ödeme ve Elektronik Para hizmetleri A.Ş.	2.944	-
Migros Ticaret A.Ş. (3)	1.958	1.395
Anadolu Efes Spor Kulübü (3)	2.030	3.559
Aep Anadolu Etap Penkon A.Ş. (3)	-	564
Others	636	318
	<b>39.858</b>	<b>26.133</b>
<b>Services given</b>	<b>1 January - 31 December 2023</b>	<b>1 January - 31 December 2022</b>
A.W. Faber-Castell Vertrieb GmbH. (3)	3.572	5.559
AG Anadolu Grubu Holding A.Ş. (1)	2.421	25
Anadolu Kafkasya Enerji Yatırımları A.Ş. (3)	3.551	1.912
Kartal Anadolu Gayrimenkul Yatırımları A.S. (3)	603	533
AEP Anadolu Etap Penkon Gıda ve Tarım Ürün San ve Tic A.Ş (3)	12.638	6.509
Efes Pazarlama (3)	-	640
Others	691	16
	<b>23.476</b>	<b>15.194</b>

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### NOTE 24 - Related parties transactions (Continued)

<b>Other transactions</b>	<b>1 January - 31 December 2023</b>	<b>1 January - 31 December 2022</b>
Donations and grants <sup>(*)</sup>	<b>15.575</b>	<b>5.438</b>

<sup>(\*)</sup> Consists of donations made to Anadolu Education and Social Assistance Foundation.

1) Partners, 2) Joint Ventures 3) Other companies managed by the partner

### 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:

	<b>2023</b>	<b>2022</b>
Short-term employee benefits	86.160	50.394
Other long-term benefits	21.879	2.202
Benefits due terminations	6.351	74
	<b>114.390</b>	<b>52.670</b>

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**NOTE 25 - 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 December 2023 and 31 December 2022, net debt/(equity+net debt) ratio is as follows:

	<b>31 December 2023</b>	<b>31 December 2022</b>
Total borrowings	1.112.698	877.168
Less: Cash and cash equivalents	(925.199)	(481.745)
Net dept	187.499	395.423
Total equity	1.110.832	692.684
<b>Total equity + net dept</b>	<b>1.298.331</b>	<b>1.088.107</b>
<b>Net dept/(total equity+net dept) ratio</b>	<b>14%</b>	<b>36%</b>

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### NOTE 25 - 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.

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**NOTE 25 - Nature and level of risks arising from financial instruments (Continued)**

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

	31 December 2022	31 December 2022
Assets	121.211	108.797
Liabilities	(41.681)	(14.024)
<b>Net balance sheet foreign currency position</b>	<b>79.530</b>	<b>94.773</b>

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

Profit/Loss 31 December 2023	Appreciation of foreign currency	Depreciation Foreign currency
<b>If the US Dollar changes 20% +/- against TL:</b>		
1- USD net asset/liability	15.453	(15.453)
2- Part hedged against USD risk (-) <sup>(*)</sup>	-	-
<b>3- USD net effect (1+2)</b>	<b>15.453</b>	<b>(15.453)</b>
<b>In case the Euro changes 20% +/- against TL:</b>		
4- Euro net asset/liability	453	(453)
5- Hedged portion from Euro risk (-)	-	-
<b>6- Euro net effect (4+5)</b>	<b>453</b>	<b>(453)</b>
<b>On average 20% +/- change in other exchange rates against TL:</b>		
7- Other foreign currency net asset/liability	-	-
8- Hedged portion from other exchange rate risk (-)	-	-
<b>9- Net effect on other FX assets (7+8)</b>	<b>-</b>	<b>-</b>
	<b>15.906</b>	<b>15.906</b>

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### NOTE 25 - Nature and level of risks arising from financial instruments (Continued)

#### (c) Currency risk and management (Continued)

	Appreciation of foreign currency	Depreciation Foreign currency
<b>Profit/Loss 31 December 2022</b>		
<b>If the US Dollar changes 20% +/- against TL:</b>		
1- USD net asset/liability	19.511	(19.511)
2- Part hedged against USD risk (-) <sup>(1)</sup>	-	-
<b>3- USD net effect (1+2)</b>	<b>19.511</b>	<b>(19.511)</b>
<b>In case the Euro changes 20% +/- against TL:</b>		
4- Euro net asset/liability	(557)	557
5- Hedged portion from Euro risk (-)	-	-
<b>6- Euro net effect (4+5)</b>	<b>(557)</b>	<b>557</b>
<b>On average 20% +/- change in other exchange rates against TL:</b>		
7- Other foreign currency net asset/liability	-	-
8- Hedged portion from other exchange rate risk (-)	-	-
<b>9- Net effect on other FX assets (7+8)</b>	<b>-</b>	<b>-</b>
	<b>18.954</b>	<b>18.954</b>

<sup>(1)</sup> The effect of derivative instruments for hedging purposes is not taken into account.

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## ADEL KALEMCİLİK TİCARET VE SANAYİ ANONİM ŞİRKETİ

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(Amounts are expressed in thousands of Turkish lira ("TL") unless otherwise stated.)

**NOTE 25 - 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 December 2023				
	TL equivalent	USD	Avro	GBP	Other
1. Trade receivables	25.066	668	166	-	-
2a. Monetary financial assets	76.539	2.600	-	-	-
2b. Non-monetary financial assets	-	-	-	-	-
3. Other	19.606	582	76	-	-
<b>4. Total current assets (1+2+3)</b>	<b>121.211</b>	<b>3.850</b>	<b>242</b>	<b>-</b>	<b>-</b>
5. Trade receivables	-	-	-	-	-
6a. Monetary financial assets	-	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-	-
7. Other	-	-	-	-	-
<b>8. Total non-current assets (5+6+7)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>9. Total assets (4+8)</b>	<b>121.211</b>	<b>3.850</b>	<b>242</b>	<b>-</b>	<b>-</b>
10. Ticari payables	40.000	1.177	164	-	-
11. Financial liabilities	-	-	-	-	-
12a. Other monetary liabilities	1.681	48	8	-	-
12b. Othre non-monetary liabilities	-	-	-	-	-
<b>13. Total current liabilities (10+11+12)</b>	<b>41.681</b>	<b>1.225</b>	<b>172</b>	<b>-</b>	<b>-</b>
14. Trade payables	-	-	-	-	-
15. Financial liabilities	-	-	-	-	-
16a. Other monetary liabilities	-	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-	-
<b>17. Total non-current liabilities (14+15+16)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>18. Total liabilities (13+17)</b>	<b>41.681</b>	<b>1.225</b>	<b>172</b>	<b>-</b>	<b>-</b>
<b>19. Net asset/(liability) position of off-balance sheet derivative instruments (19a-19b)</b>	<b>376.809</b>	<b>12.800</b>	<b>-</b>	<b>-</b>	<b>-</b>
19a. Total asset amount hedged	376.809	12.800	-	-	-
19b. Total liabilities amount hedged	-	-	-	-	-
<b>20. Net foreign currency asset/(liability) position (9-18+19)</b>	<b>356.339</b>	<b>15.425</b>	<b>70</b>	<b>-</b>	<b>-</b>
<b>21. Monetary items net foreign currency asset/(liability) position (1+2a+3+5+6a-10-11-12a-14-15-16a)</b>	<b>79.530</b>	<b>2.625</b>	<b>70</b>	<b>-</b>	<b>-</b>
<b>22. Total fair value of financial instruments used for currency hedge</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>23. Amount of Hedged Part of Foreign Currency Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>23. Amount of hedged part of foreign currency liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>23. Exports</b>	<b>156.234</b>	<b>3.608</b>	<b>786</b>	<b>-</b>	<b>-</b>
<b>24. Imports</b>	<b>432.560</b>	<b>14.759</b>	<b>3.943</b>	<b>105</b>	<b>16.369</b>
<b>%20 increase</b>	<b>-</b>	<b>15.453</b>	<b>453</b>	<b>-</b>	<b>-</b>



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**31 December 2022**

<b>TL equivalent</b>	<b>USD</b>	<b>Avro</b>	<b>GBP</b>	<b>Other</b>
26.309	751	97	-	10
81.839	2.608	45	-	-
-	-	-	-	-
649	1	19	-	-
<b>108.797</b>	<b>3.360</b>	<b>161</b>	<b>-</b>	<b>10</b>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<b>108.797</b>	<b>3.360</b>	<b>161</b>	<b>-</b>	<b>10</b>
13.668	183	244	-	6
-	-	-	-	-
356	10	1	-	-
-	-	-	-	-
<b>14.024</b>	<b>193</b>	<b>245</b>	<b>-</b>	<b>6</b>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<b>14.024</b>	<b>193</b>	<b>245</b>	<b>-</b>	<b>6</b>
<b>303.476</b>	<b>9.850</b>	<b>-</b>	<b>-</b>	<b>-</b>
303.476	9.850	-	-	-
-	-	-	-	-
<b>398.249</b>	<b>13.017</b>	<b>(84)</b>	<b>-</b>	<b>4</b>
<b>94.773</b>	<b>3.167</b>	<b>(84)</b>	<b>-</b>	<b>4</b>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<b>125.404</b>	<b>2.928</b>	<b>860</b>	<b>-</b>	<b>1.677</b>
<b>445.956</b>	<b>11.242</b>	<b>4.756</b>	<b>54</b>	<b>34.620</b>
-	-	-	-	-
<b>-</b>	<b>11.841</b>	<b>(338)</b>	<b>-</b>	<b>-</b>

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2023 AND 31 DECEMBER 2022

(Amounts are expressed in thousands of Turkish lira ("TL") unless otherwise stated.)

### NOTE 25 - Nature and level of risks arising from financial instruments (Continued)

#### (d) Interest rate risk and management

As of 31 December 2023, the Company does not have any floating rate borrowings. (31 December 2022: None).

#### (e) Credit risk management

Holding financial instruments also carries the risk that the other party will not be able to fulfill the requirements of the agreement. The Company's collection risk mainly arises from its trade receivables. Trade receivables are evaluated taking into account the Company policies and procedures and accordingly, they are shown in the balance sheet net after provision for doubtful receivables.

The majority of the Company's sales are for the domestic market and it is mainly carried out through dealers and wholesalers. About 67% 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 93% 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.

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(Amounts are expressed in thousands of Turkish lira ("TL") unless otherwise stated.)

**NOTE 25 - Nature and level of risks arising from financial instruments (Continued)****(e) Credit risk management (Continued)**

	Trade receivables		Other receivables		Cash in banks	Other financial assets
	Related parties	Other	Related parties	Other		
<b>31 December 2023</b>						
<b>Maximum net credit risk as of balance sheet date</b>	<b>51.880</b>	<b>66.574</b>	<b>-</b>	<b>7.381</b>	<b>794.006</b>	<b>-</b>
<b>- The part of maximum risk under guarantee with collateral etc.</b>	<b>-</b>	<b>38.236</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
A. Net book value of financial assets that are neither past due nor impaired	51.880	28.338	-	7.381	794.006	-
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired						
- The part under guarantee with collateral etc.	-	-	-	-	-	-
D. Net book value of impaired assets						
- Past due (gross carrying amount)	-	6.378	-	-	-	-
- Impairment (-)	-	(6.378)	-	-	-	-
- The part of net value under guarantee with collateral etc.						
- Not past due (gross carrying amount)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- The part of net value under guarantee with collateral etc.	-	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-	-

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**NOTE 25 - Nature and level of risks arising from financial instruments (Continued)****(e) Credit risk management (Continued)**

31 December 2022	Trade receivables		Other receivables		Cash in banks	Other financial assets
	Related parties	Other	Related parties	Other		
<b>Maximum net credit risk as of balance sheet date</b>	<b>17.250</b>	<b>75.728</b>	<b>221</b>	<b>2.821</b>	<b>481.746</b>	<b>-</b>
	-	-	-	-	-	-
<b>- The part of maximum risk under guarantee with collateral etc.</b>	<b>-</b>	<b>29.823</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
A. Net book value of financial assets that are neither past due nor impaired	17.250	45.905	-	2.821	-	-
B. Net book value of financial assets that are renegotiated, if not that will be accepted as past due or impaired	-	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired						
- The part under guarantee with collateral etc.	-	-	-	-	-	-
D. Net book value of impaired assets						
- Past due (gross carrying amount)	-	9.650	-	-	-	-
- Impairment (-)	-	(9.650)	-	-	-	-
- The part of net value under guarantee with collateral etc.	-	-	-	-	-	-
- Not past due (gross carrying amount)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- The part of net value under guarantee with collateral etc.	-	-	-	-	-	-
E. Off-balance sheet items with credit risk	-	-	-	-	-	-

The details of the mortgages and guarantees received for the receivables with or without a balance are explained below.

	31 December 2023	31 December 2022
Mortgages	1.810	2.982
Pledge agreements	30	49
Letter of guarantees	11.263	18.022
	<b>13.103</b>	<b>21.053</b>

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2023 AND 31 DECEMBER 2022

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### NOTE 25 - Nature and level of risks arising from financial instruments (Continued)

#### (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 TL terms is shown below.

<b>31 December 2023</b>	<b>Book Value</b>	<b>Total Cash Outflow</b>	<b>Less than 3 Months</b>	<b>Between 3-12 Months</b>	<b>Between 1-5 Years</b>	<b>More than 5 Years</b>
Financial Liabilities	1.112.698	1.124.375	256.513	867.862	-	-
Trade Payables	132.975	139.003	139.003	-	-	-
Other Payables	60.498	60.498	60.498	-	-	-
<b>31 December 2022</b>	<b>Book Value</b>	<b>Total Cash Outflow</b>	<b>Less than 3 Months</b>	<b>Between 3-12 Months</b>	<b>Between 1-5 Years</b>	<b>More than 5 Years</b>
Financial Liabilities	877.167	906.751	444.162	428.268	34.321	-
Trade Payables	94.118	95.170	95.170	-	-	-
Other Payables	48.144	48.145	48.145	-	-	-

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2023 AND 31 DECEMBER 2022

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### NOTE 26 - Financial instruments

#### 26.1 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

	<b>31 December 2023</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Derivative financial liabilities	1.721	-	1.721	-
	<b>31 December 2022</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Derivative financial liabilities	8.374	-	8.374	-

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### NOTE 26 - Financial instruments (Continued)

#### 26.2 Derivative financial instruments and hedge accounting

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

As of 31 December 2023, Adel has a foreign exchange forward transaction with a nominal value of TL 250.255 amounting to USD 8.500.000 (31 December 2022: Nominal value of TL 303.476 amounting to USD 9.850.000).

As of 31 December 2023, the Company has allocated USD 2.600.000 equivalent of TL 76.539 from its bank deposits for the payments related to raw material and trade goods purchases to be made in the future periods in order to hedge against fluctuations in foreign exchange rates and the related amount has been subject to hedge accounting. (31 December 2022: USD 2.656.889 equivalent of TL 81.828)

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.

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



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**NOTE 26 - Financial instruments (Continued)****26.2 Derivative financial instruments and hedging transactions (Continued)**

	Contract Amount	2023 Fair Value		Contract Amount	2022 Fair Value	
		Assets	Liabilities		Assets	Liabilities
<b>For hedging purposes:</b>						
Forward transaction	250.225	-	1.721	303.476	-	8.374
	<b>250.225</b>	<b>-</b>	<b>1.721</b>	<b>303.476</b>	<b>-</b>	<b>8.374</b>
Short term	250.225	-	1.721	303.476	-	8.374
	<b>250.225</b>	<b>-</b>	<b>1.721</b>	<b>303.476</b>	<b>-</b>	<b>8.374</b>

Objectives in financial risk management:

The Company's finance department is responsible for ensuring regular access to financial markets and monitoring and managing the financial risks incurred in connection with the Company's activities. These risks are; It includes market risk (including currency risk, fair interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Company does not have speculative financial instruments (including derivative financial instruments) and does not have any activity related to the purchase and sale of such instruments.

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### NOTE 26 - Financial instruments (Continued)

#### 26.2 Derivative financial instruments and hedging transactions (Continued)

31 December 2023	Note	Fair value differences reflected in other comprehensive income	Financial assets shown at amortized cost	Financial liabilities shown at amortized value	Book value	Fair value
<b>Financial assets</b>						
Cash and cash equivalences	4	-	794.006	-	794.006	794.006
Trade receivables from third parties	8	-	66.574	-	66.574	66.574
Receivables from related parties	24	-	51.880	-	51.880	51.880
Other financial assets	5 , 9	-	776	-	776	776
<b>Financial liabilities</b>						
Financial borrowings	7	-	-	1.002.254	1.002.254	1.002.254
Lease liabilities		-	-	110.444	110.444	110.444
Trade payables	8	-	-	132.975	132.975	132.975
Payables from related parties	24	-	-	6.658	6.658	6.658
Derivatives	26. 1	-	-	1.721	1.721	1.721
Other financial liabilities	9	-	-	396	396	396

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**NOTE 26 - Financial instruments (Continued)**

<b>31 December 2022</b>	<b>Note</b>	<b>Fair value differences reflected in other comprehensive income</b>	<b>Financial assets shown at amortized cost</b>	<b>Financial liabilities shown at amortized value</b>	<b>Book value</b>	<b>Fair value</b>
<b>Financial assets</b>						
Cash and cash equivalences	4	-	481.745	-	481.745	481.745
Trade receivables from third parties	8	-	75.728	-	75.728	75.728
Receivables from related parties	24	-	17.250	-	17.250	17.250
Other financial assets	5	-	63	-	63	63
<b>Financial liabilities</b>						
Financial borrowings		-	-	825.854	825.854	825.854
Lease liabilities	7	-	-	51.314	51.314	51.314
Trade payables	8	-	-	94.118	94.118	94.118
Payables from related parties	24	-	-	1.145	1.145	1.145
Derivatives	26.1	-	-	8.374	8.374	8.374
Other financial liabilities	9	-	-	2.607	2.607	2.607

**NOTE 27 - Government incentives and grants**

There is no cash support amount collected from Scientific and Technological Research Council of Turkey "TUBITAK" regarding the research and development activities of the Company in 2023. (31 December 2023: None).

As of 31 December 2023, the amount of research and development deduction that the Company can use in tax calculation due to its expenditures on research and development studies is 12.740 TL. (31 December 2022: 35.519 TL).

The company applied for an research and development center in order to benefit from the incentives and exemptions provided within the framework of the Law No. 5746, and as a result of the examination made by the Ministry of Industry and Technology, the research and development center certificate was given to be effective as of 19 June 2019.

The company realizes fixed asset investments with incentives within the scope of the "Council of Ministers Decisions on State Aids in Investments" numbered 2012/3305, which regulates the investment legislation. The investment projects whose investment process continues and which continue to benefit from the investment contribution amounts are as follows;

As of 31 December 2023, the Corporate Tax deduction within the scope of incentive certificate numbered 502680 has not been benefited from. (31 December 2022: 5.624 TL)

Within the scope of the incentive certificate numbered 502790, 660 TL was spent. The incentive certificate is subject to VAT and customs tax exemption, and there is no corporate tax support. (31 December 2023: 4.525 TL)

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2023 AND 31 DECEMBER 2022

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### NOTE 28 - Fees for service received from the independent auditor

The fees related to the services received by the Company from the Independent Auditing Firm (IAF) for the periods 1 January-31 December 2023 and 1 January -31 December 2022 are as follows:

	31 December 2023	31 December 2022
Independent audit fee for the reporting period	1.417	487
Fee for tax consulting services	-	-
Fee for other assurance services	50	29
Fee for non-audit services	-	-
	<b>1.467</b>	<b>516</b>

### NOTE 29 - Events after the reporting period

None.

## CONTACT



[facebook.com/adelturkiye/](https://facebook.com/adelturkiye/)



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