ADEL KALEMCİLİK TİCARET VE SANAYİ A.Ş.

CONVENIENCE TRANSLATION INTO ENGLISH OF FINANCIAL STATEMENTS AND NOTES FOR THE YEAR ENDED 31 DECEMBER 2024 TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

(ORIGINALLY ISSUED IN TURKISH)

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

INDEPENDENT AUDITOR'S REPORT

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 2024, 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 2024, 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 adopted within the framework of the regulations of the Capital Markets Board and 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") the ethical requirements regarding independent audit in regulations issued by the POA; the regulations of the Capital Markets Board; and other relevant legislation 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**
Revenue recognition	
Revenue TL 2.711.979 Thousand has been recognized in the statement of profit or loss and other comprehensive income for the accounting period 1 January-31 December 2024. Revenue is recognized in the financial statements when the Company fulfils its perfomance 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. 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. Disclosures regarding the Company's revenue-related accounting policies and amounts are included in Notes 2.2.1 of the attached financial statements.	The following audit procedures have been applied for the recognition of revenue: - Testing the design and implementation of internal controls on revenue recognition by understanding the Company’s revenue process, - Evaluating whether the accounting policies applied by the Company management for recording revenue are in terms of TFRS, - Testing the transactions recorded as revenue during the period by sampling method by comparing them with invoices, supporting documents and collections from customers, - Testing the balances of trade receivables using the sampling method by sending confirmation letters, - Testing whether the sales returns realized after the reporting period are included in the financial statements in the relevant period, - 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, - Evaluating the accuracy and adequacy of the revenue related disclosures included in footnotes financial statements in terms of TFRS.

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.

As part of an independent audit conducted in accordance with SIA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- 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.

- 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 Adel Kalemcilik Ticaret ve Sanayi A.Ş.'s bookkeeping activities concerning the period from 1 January to 31 December 2024 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 3 March 2025.

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

Salim Alyanak, SMMM
Independent Auditor

Istanbul, 3 March 2025

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ADEL KALEMCİLİK TİCARET VE SANAYİ ANONİM ŞİRKETİ
STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2024

(Amounts expressed in thousands of Turkish lira (“TRL”) in terms purchasing power of the TRL at December 31,2024 unless otherwise indicated)

	Note	Audited 31 December 2024	Audited 31 December 2023
Assets			
Current assets			
Cash and cash equivalents	4	659.335	1.146.378
Financial investments	5	-	189.415
Trade receivables		131.206	171.023
- Trade receivables from related parties	23	42.743	74.904
- Trade receivables from third parties	7	88.463	96.119
Other receivables		1.525	10.657
- Other receivables from third parties	8	1.525	10.657
Inventories	9	789.434	888.797
Prepaid expenses	14	18.123	25.194
Current income tax assets	14	121.702	144.252
Other current assets		71.013	64.000
- Other current assets from third parties	14	71.013	64.000
Total current assets		**1.792.338**	**2.639.716**
Non-current assets			
Financial investments	5	1.305	1.120
Other receivables		-	553
- Other receivables from third parties	8	-	553
Property, plant and equipment	10	789.892	804.473
Right of use assets	6	153.126	194.595
Intangible assets	11	88.710	114.055
Prepaid expenses	14	16.562	9.574
Deferred tax assets	21	-	34.797
Total non-current assets		**1.049.595**	**1.159.167**
Total assets		**2.841.933**	**3.798.883**

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

ADEL KALEMCİLİK TİCARET VE SANAYİ ANONİM ŞİRKETİ
STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2024

(Amounts expressed in thousands of Turkish lira ("TRL") in terms purchasing power of the TRL at December 31,2024 unless otherwise indicated)

	Note	Audited 31 December 2024	Audited 31 December 2023
Liabilities			
Current liabilities			
Short term borrowings		390.078	1.126.013
-Short-term borrowings from third parties		390.078	1.126.013
- Bank loans	6	390.078	441.105
- Issued debt instruments	6	-	684.908
Short-term portion of long-term borrowings		111.162	377.581
-Short term portion of long term borrowings from third parties	6	111.162	377.581
- Bank loans		27.970	39.092
- Lease liabilities		47.257	56.550
- Issued debt instruments		35.935	281.939
Trade payables		132.963	201.601
- Due to related parties	23	7.189	9.613
- Due to third parties	7	125.774	191.988
Employee benefit liabilities	8	108.124	86.775
Other payables		3.829	572
- Due to third parties	8	3.829	572
Derivative instruments	25.2	561	2.485
Deferred income	14	61.053	229.173
Short term provision		19.017	12.366
- Provisions for employment benefits	13	13.762	12.096
- Other short-term provisions	12	5.255	270
Total current liabilities		**826.787**	**2.036.566**
Non-current liabilities			
Long term borrowings		506.384	102.908
- Long term borrowings from third parties	6	506.384	102.908
- Bank loans		170.000	-
- Issued debt instruments		250.000	-
- Lease liabilities		86.384	102.908
Provision for employee benefits	8	2.315	13.891
Long term provision		33.401	41.711
- Provisions for employment termination benefits	13	33.401	41.711
Deferred tax liabilities	21	23.960	-
Total non-current liabilities		**566.060**	**158.510**
Equity			
Share capital	15	259.875	23.625
Adjustment to share capital	15	317.244	553.494
Other comprehensive expenses that will not be reclassified to profit or loss		(14.984)	(19.994)
- Losses on remeasurement of defined benefit obligations		(14.984)	(19.994)
Other comprehensive expenses/(income) that will be reclassified to profit or loss		12.468	8.424
- Currency translation differences		-	(5.686)
- Gains/(loss) on hedge		12.468	14.110
Restricted reserves	15	301.337	285.073
Retained earnings	15	554.502	123.742
Net profit/(loss) for the period		18.644	629.443
Total equity		**1.449.086**	**1.603.807**
Total liabilities and equity		**2.841.933**	**3.798.883**

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
STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED DECEMBER 31, 2024

(Amounts expressed in thousands of Turkish lira ("TRL") in terms purchasing power of the TRL at December 31,2024 unless otherwise indicated)

Profit or loss	Notes	Audited 1 January - 31 December 2024	Audited 1 January - 31 December 2023
Revenue	16	2.711.979	3.265.499
Cost of sales (-)	16	(1.324.068)	(1.740.926)
Gross profit		**1.387.911**	**1.524.573**
General administrative expenses (-)	17	(433.542)	(410.976)
Marketing expenses (-)	17	(581.457)	(575.010)
Research and development expenses (-)	17	(18.964)	(17.878)
Other income from operating activities	18	19.342	106.260
Other expenses from operating activities (-)	18	(49.905)	(70.369)
Operating profit / (loss)		**323.385**	**556.600**
Income from investment activities	19	1.058	751
Expense from investment activities (-)	19	(46.116)	(234)
Share of profit/loss of investments accounted for using the equity method	19	-	(1.618)
Operating profit before finance income / (expense)		**278.327**	**555.499**
Finance income	20	262.152	315.260
Finance expenses (-)	20	(576.960)	(466.340)
Monetary gain / (loss)		112.758	233.446
Profit/(loss) before tax from continuing operations		**76.277**	**637.865**
Tax income from continuing operations		**(57.633)**	**(8.422)**
- Taxes on expense	21	-	(192.733)
- Deferred tax income / (expense)	21	(57.633)	184.311
Net profit /(loss) for the year		**18.644**	**629.443**
Profit /(loss) per share (TRL per share)	22	**0,2080**	**26,6431**

Accompanying notes are an integral part of these financial statements.

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

ADEL KALEMCİLİK TİCARET VE SANAYİ ANONİM ŞİRKETİ
OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2024

(Amounts expressed in thousands of Turkish lira ("TRL") in terms purchasing power of the TRL at December 31,2024 unless otherwise indicated)

	Notes	**Audited 1 January - 31 December 2024**	**Audited 1 January - 31 December 2023**
Net profit /(loss) for the year		**18.644**	**629.443**
Other comprehensive expenses that will not be reclassified		5.010	(5.538)
- Remeasurements of defined benefit assets/liabilities	13	6.680	(6.303)
Other comprehensive expenses that will not be reclassified to profit or loss, tax effect		(1.670)	765
- Deferred tax income		(1.670)	765
Other comprehensive expenses that will be reclassified to profit or loss		(1.642)	8.403
- Other comprehensive income / (expense) on cash flow hedge		(2.188)	10.736
-Other comprehensive expenses that will be reclassified to profit or loss, tax effect		546	(2.333)
- Deferred tax (expense)/income		546	(2.333)
Other comprehensive income /(expense)		**3.368**	**2.865**
Total comprehensive income		**22.012**	**632.308**

Accompanying notes are an integral part of these financial statements.

ADEL KALEMCİLİK TİCARET VE SANAYİ ANONİM ŞİRKETİ
STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2024

(Amounts expressed in thousands of Turkish lira ("TRL") in terms purchasing power of the TRL at December 31,2024 unless otherwise indicated.)

			Other comprehensive income (loss) that will not be reclassified in profit or loss	Other comprehensive loss/(income) that will be reclassified in profit or loss					
	Share capital	**Inflation adjustment to share capital**	**Defined benefit plans revaluation and measurement(losses)/gains**	**Currency translation differences**	**Gains/(loss) on hedge**	**Restricted reserves**	**Retained earnings**	**Net profit/(loss) for the period**	**Total equity**
Balances as of 1 January 2023	**23.625**	**553.494**	**(14.456)**	**(5.686)**	**5.707**	**281.276**	**184.177**	**(28.049)**	**1.000.088**
Transfers	-	-	-	-	-	3.797	(31.846)	28.049	-
Dividends	-	-	-	-	-	-	(28.589)	-	(28.589)
Total comprehensive income/(loss)	-	-	(5.538)	-	8.403	-	-	629.443	632.308
Balances as of 31 December 2023	**23.625**	**553.494**	**(19.994)**	**(5.686)**	**14.110**	**285.073**	**123.742**	**629.443**	**1.603.807**
Balances as of 1 January 2024	**23.625**	**553.494**	**(19.994)**	**(5.686)**	**14.110**	**285.073**	**123.742**	**629.443**	**1.603.807**
Liquidation effect	-	-	-	5.686	-	-	-	-	5.686
Transfers	236.250	(236.250)	-	-	-	16.264	613.179	(629.443)	-
Dividends	-	-	-	-	-	-	(182.419)	-	(182.419)
Total comprehensive income/(loss)	-	-	5.010	-	(1.642)	-	-	18.644	22.012
Balances as of 31 December 2024	**259.875**	**317.244**	**(14.984)**	**-**	**12.468**	**301.337**	**554.502**	**18.644**	**1.449.086**

Accompanying notes are an integral part of these financial statements.

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

ADEL KALEMCİLİK TİCARET VE SANAYİ ANONİM ŞİRKETİ
CASH FLOW STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2024

(Amounts expressed in thousands of Turkish lira ("TRL") in terms purchasing power of the TRL at December 31,2024 unless otherwise indicated)

	Note	Audited 1 January- 31 December 2024	Audited 1 January- 31 December 2023
Cash flow from operating activities		**372.912**	**356.774**
Net profit /(loss) for the period		**18.644**	**629.443**
Adjustments to reconcile net profit /(loss) for the period		**437.051**	**3.807**
Adjustments for depreciation and amortization expense	6,10,11	165.746	157.488
Adjustments for impairment loss/(reversal)		2.654	4.896
- Allowance for doubtful receivables	*7*	*1.112*	*754*
- Adjustments for inventory impairment/(cancellation)	*9*	1.542	*4.142*
Adjustments for provisions		40.148	50.791
-Adjustments for employment termination benefits	13	*35.080*	*51.664*
- Adjustments for lawsuit and other provisions	12	*5.068*	*(873)*
Adjustments for dividends	19	-	*(36)*
Adjustments for interest income/expense		407.276	204.453
- Adjustments for interest income	*20*	*(166.021)*	*(242.168)*
- Adjustments for interest expense	*20*	*573.753*	*447.830*
- Rediscount on interest loss	17	714	10.312
- Rediscount on interest income	17	*(1.170)*	*(11.521)*
Adjustments for fair value gains		(1.998)	14.685
Adjustments for tax income/(expense)	21	57.633	8.422
Gain on sale of tangible and intangible assets		(6)	(517)
Monetary gain/(loss)		(234.402)	(436.375)
Changes in working capital		**(38.991)**	**70.891**
Decrease/(increase) in trade receivables		37.991	(47.847)
Decrease/(increase) in other receivables		9.685	(266)
Increase/(decrease) in inventory		97.821	(181.063)
Decrease/(increase) in prepaid expenses		83	6.676
Increase/(decrease) in trade payables		(67.469)	75.581
Increase/(decrease) in employment termination benefits		9.773	34.920
Decrease/(increase) in other payables		3.257	(3.192)
Increase in deferred revenue		(168.120)	214.042
Decreases/increases in others		37.988	(27.960)
- Increase/(decrease) in other assets		*14.111*	*121.910*
- Increase/(decrease) in other liabilities		*23.877*	*(149.870)*
Cash used in operating activities		**416.704**	**704.141**
Dividends	-	-	36
Employee termination benefits paid	13	(21.243)	(68.701)
Taxes paid		(22.549)	(278.702)
Cash flow from investing activities		**(65.284)**	**(47.785)**
Proceeds from sale of property, plant and equipment	10	443	9.640
Acquisition of property, plant and equipment and intangible assets	10,11	(65.727)	(55.807)
Cash inflows due to sale of shares in associates or joint ventures or capital reduction	19	-	(1.618)
Cash flow from financing activities		**(499.203)**	**413.439**
Proceeds from bank borrowings	6	1.512.044	2.387.736
Repayment of borrowings	6	(1.679.083)	(1.602.177)
Repayment of lease liabilities		(15.226)	(62.183)
Dividends paid	15	(182.419)	(28.589)
Interest paid	6	(512.639)	(320.400)
Interest received		171.419	166.338
Other cash inflow		206.701	(127.286)
Monetary gain/(lose) impact on cash and cash equivalents		**(279.018)**	**(285.260)**
Decrease /(increase) in cash and cash equivalents		**(470.593)**	**437.168**
Cash and cash equivalents at the beginning of the year	**4**	**1.129.109**	**691.941**
Cash and cash equivalents at the end of the year	**4**	**658.516**	**1.129.109**

Accompanying notes are an integral part of these financial statements

(Amounts expressed in thousands of Turkish lira ("TRL") in terms purchasing power of the TRL at December 31,2024 unless otherwise indicated)

NOTE 1 - Company's organization and nature of operations

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

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

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

Fatih Sultan Mehmet Mahallesi Balkan Caddesi No:58 Buyaka E Blok 34771 Tepeüstü, Ümraniye/İstanbul.

The Company is registered to the Capital Markets Board ("CMB") and its shares have been traded on Borsa Istanbul ("BIST") since 1996. As of 31 December 2024, the Company has 27,71% of its shares registered in the BIST. The shareholders holding the majority of the Company's shares and their share ratios are as follows:

List of Shareholders

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

The average number of employees of the Company as at 31 December 2024 is 371 (31 December 2023: 367).

As of 31 December 2024, the joint venture of the Company accounted for using the equity method and its shareholding ratios are as follows:

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

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

As of February 8, 2024, LLC Faber-Castell Anadolu has officially completed its liquidation process. The company, which had been inactive since 2019, is now fully dissolved and formally closed.

NOTE 2 - Basis of presentation of financial statements

2.1 Basis of preparation and presentation of financial statements

2.1.1 Statement of compliance with TFRS

The accompanying financial statements are prepared in accordance with the requirements of Capital Markets Board ("CMB") Communiqué Serial II, No: 14.1 "Basis of Financial Reporting in Capital Markets", which was published in the Official Gazette No:28676 on June 13, 2013. The accompanying financial statements are prepared based on the Turkish Accounting Standards and interpretations ("TAS") issued by the Public Oversight Accounting and Auditing Standards Authority ("POA") under Article 5 of the Communiqué. It is also presented in accordance with the 2024 TFRS Taxonomy updated by POA on July 3, 2024.

The financial statements have been presented in accordance with the 2024 TFRS Taxonomy, which was developed based on the financial statement templates set out in the Financial Statement Samples and User Guide published by the Public Oversight, Accounting and Auditing Standards Authority (POA) in the Official Gazette dated June 7, 2019, issue No. 30794, and updated by POA on July 3, 2024.

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

The Company's financial statements as of 31 December 2024 were approved by the Company's Board of Directors on 3 March 2025. The Board is authorized to amend the financial statements.

2.1.2 Adjustment of financial statements in hyperinflationary periods

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

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

(Amounts expressed in thousands of Turkish lira (“TRL”) in terms purchasing power of the TRL at December 31,2024 unless otherwise indicated)

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

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

The restatements in accordance with TAS 29 have been made using the adjustment factor derived from the Consumer Price Index ("CPI") in Türkiye published by the Turkish Statistical Institute (“TSI”). As of December 31, 2024, the indexes and adjustment factors used in the restatement of the financial statements are as follows:

Date	Index	Adjustment Coefficient	Three-Year Compound Inflation Rate
31 December 2024	2.684,55	1,00000	291%
31 December 2023	1.859,38	1,44379	268%
31 December 2022	1.128,4	2,37897	156%

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

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

2.1.3 Functional and reporting currency

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

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

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

2.1.4 Shares in affiliates and joint ventures

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

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

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

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

2.2. 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.

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 6). 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.

(Amounts expressed in thousands of Turkish lira ("TRL") in terms purchasing power of the TRL at December 31,2024 unless otherwise indicated)

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.

Depreciation is calculated using the straight-line depreciation method based on the economic lives of each asset, in order to reduce their cost to their residual value, applying the following rates (%).

	Useful lifes
Land improvements	8 - 15
Buildings	5 - 50
Plant, machinery and equipment	3 - 20
Vehicles	3 - 12
Furniture and fixtures	1 - 50

Land and plots are not subject to depreciation due to their indefinite useful life. Gains or losses arising from the disposal of fixed assets are determined by comparing their net book value with the sales price and are recognized in operating profit. Maintenance and repair costs are expensed as incurred unless they provide a significant enhancement or a measurable improvement to the related asset, in which case they are capitalized.

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 lifes of intangible assets are determined as either finite or infinite. Intangible assets are amortized on a straight line basis over the estimated useful lifes.
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.

	Useful lifes
Rights	3-15
Research and development expenses	5
Other intangible assets	2-15

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 2024.

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

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.

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 losse 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.

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.

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 ("TRL") 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.

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.

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) controll 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.

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.

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 lesse

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.

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:

a) amount of the initial measurement of the lease liability;
b) any lease payments made at or before the commencement date, less any lease incentives received;
c) any initial direct costs incurred by the Company; and
d) 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:

a) less any accumulated depreciation and any accumulated impairment losses; and
b) 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:

a) The amount obtained by deducting all kinds of leasing incentive receivables from fixed payments,
b) 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,
c) 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.

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:

a) increasing the carrying amount to reflect interest on the lease liability;
b) reducing the carrying amount to reflect the lease payments made; and
c) 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 6 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 2024 with the financial position statement prepared as of 31 December 2023; The profit or loss statement for the period 1 January- 31 December 2024, the profit or loss statement for the 1 January-31 December 2023 accounting period, and the other comprehensive income statement for the 1 January-31 December 2024 accounting period, the 1 January- 31 December 2023 accounting period, other comprehensive income statement, cash flow statement for the accounting period 1 January- 31 December 2024 and statements of changes in shareholders' equity are prepared comparatively with the related financial statements for the accounting period 1 January - 31 December 2023.

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

2.3 New and Revised Turkish Financial Reporting Standards

a. Standards, amendments, and interpretations applicable as of 31 December 2024:

- **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.

- **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.

- **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.

The relevant standards have had no significant impact on the Company's financial position or performance.

b. Standards, amendments, and interpretations that are issued but not effective as of 31 December 2024:

- **IFRS 17, 'Insurance Contracts'** TFRS 17, 'Insurance Contracts'; effective from annual periods beginning on or after January 1, 2023. This standard replaces TFRS 4, which permitted a wide variety of practices. TFRS 17 will fundamentally change the accounting for all entities issuing insurance contracts and investment contracts with discretionary participation features.

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

2.3 New and Revised Turkish Financial Reporting Standards (Continued)

On the other hand, according to Article 13, paragraph 1(a) of the Regulation Amending the Regulation on Financial Reporting of Insurance and Reinsurance Companies and Pension Companies, issued by the Insurance and Private Pension Regulation and Supervision Agency (SEDDK), the effective date of TFRS 17 was postponed from "January 1, 2024" to "January 1, 2025." In its letter dated February 15, 2024, sent to the Banks Association of Turkey, the Public Oversight, Accounting and Auditing Standards Authority (KGK) stated that the application date of TFRS 17 was deferred to January 1, 2025, for the consolidated and individual financial statements of insurance and reinsurance companies, pension companies, banks with investments in these companies, and other companies with investments in these entities.

However, pursuant to Article 13, paragraph 1(a) of the same regulation issued by SEDDK, the effective date of TFRS 17 has been further postponed from "January 1, 2025" to "January 1, 2026." Accordingly, in its letter dated January 14, 2025, sent to the Banks Association of Turkey, KGK announced that the application date of TFRS 17 was deferred to January 1, 2026, for the consolidated and individual financial statements of insurance and reinsurance companies, pension companies, banks with investments in these companies, and other companies with investments in these entities.

- **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.

- **Amendment to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments;** effective from annual reporting periods beginning on or after 1 January 2026 (early adoption is available). These amendments:

  - clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
  - clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
  - add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and
  - make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).

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

2.3 New and Revised Turkish Financial Reporting Standards (Continued)

- **Annual improvements to IFRS – Volume 11;** Annual improvements are limited to changes that either clarify the wording in an Accounting Standard or correct relatively minor unintended consequences, oversights or conflicts between the requirements in the Accounting Standards. The 2024 amendments are to the following standards:

  - IFRS 1 First-time Adoption of International Financial Reporting Standards;
  - IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7;
  - IFRS 9 Financial Instruments;
  - IFRS 10 Consolidated Financial Statements; and
  - IAS 7 Statement of Cash Flows.

- **IFRS 18 Presentation and Disclosure in Financial Statements;** effective from annual periods beginning on or after 1 January 2027. This is the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to:

  - the structure of the statement of profit or loss;
  - required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and
  - enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

- **IFRS 19 Subsidiaries without Public Accountability: Disclosures;** effective from annual periods beginning on or after 1 January 2027. Earlier application is permitted. This new standard works alongside other IFRS Accounting Standards. An eligible subsidiary applies the requirements in other IFRS Accounting Standards except for the disclosure requirements and instead applies the reduced disclosure requirements in IFRS 19. IFRS 19's reduced disclosure requirements balance the information needs of the users of eligible subsidiaries' financial statements with cost savings for preparers. IFRS 19 is a voluntary standard for eligible subsidiaries. A subsidiary is eligible if:

  - it does not have public accountability; and
  - it has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

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.

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

2.4 Changes and errors in accounting estimates (Continued)

The nature and amount of a change in the accounting estimate that has an effect on the current period's operating result or is expected to have an effect on the following periods is disclosed in the footnotes of the financial statements, unless it is not possible to estimate the effect on future periods. There has been no change or error in the accounting estimates of the financial statements for the 31 December 2024 accounting period.

2.5. Financial statements of a joint venture operating in a foreign country

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

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

2.6. Seasonality of activities

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

2.7. Significant accounting judgments, estimates and assumptions

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

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

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.

(Amounts expressed in thousands of Turkish lira ("TRL") in terms purchasing power of the TRL at December 31,2024 unless otherwise indicated)

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

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.

NOTE 3 - Segment reporting

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

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

NOTE 4 - Cash and cash equivalents

	31 December 2024	**31 December 2023**
Time deposit	35.223	1.124.989
Demand deposit	163	203
Other cash equivalents (*)	623.130	3.917
Cash and cash equivalents in the statement of cash flows	**658.516**	**1.129.109**
Interest income accruals	819	17.269
	659.335	**1.146.378**

(*) TRL 622.742 of the relevant amount for the year 2024 consists of short-term investment funds.

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

As of 31 December 2024, the Company has allocated USD 1.000.000 equivalent of TRL 35.223 from its bank deposits for the payments related to raw material and trade goods purchases to be made in the future periods in order to hedge against fluctuations in foreign exchange rates and the related amount has been subject to hedge accounting. (31 December 2023: USD 2.600.000 equivalent of TRL 110.506)

(Amounts expressed in thousands of Turkish lira ("TRL") in terms purchasing power of the TRL at December 31,2024 unless otherwise indicated)

NOTE 5 - Financial investments

	31 December 2024	31 December 2023
Currency-protected deposit	-	189.415
	-	**189.415**

	31 December 2024		31 December 2023	
	%		%	
Ülkü Kırtasiye Ticaret ve Sanayi A.Ş.	7,67	90	7,67	90
Other long-term investments (*)	-	1.215	-	1.030
		1.305		**1.120**

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

NOTE 6 - Borrowings and right of use assets

31 December 2024	**Interest rate %**	**Balance**
Short term borrowings		
TRL loans	48,00 - 54,00	390.078
		390.078

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

31 December 2024	**Interest rate %**	**Balance**
Short-term portions of long-term borrowings		
Short-term portions of long-term finance leases	14,00 – 45,00	47.257
Short-term portions of long-term loans	47,06	27.970
Short-term portions of long-term issued debt instruments (*)	47,06	35.935
		111.162

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

(Amounts expressed in thousands of Turkish lira ("TRL") in terms purchasing power of the TRL at December 31,2024 unless otherwise indicated)

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

31 December 2024	**Interest rate %**	**Balance**
Long term borrowings		
TRL loans	47,06	170.000
Issued debt instruments (*)	47,06	250.000
Long-term finance leases	34,00 – 45,00	86.384
		506.384

(*) The Company has issued debt instruments amounting to TRL 250,000, offered exclusively to qualified investors without a public offering in the domestic market. These instruments have a maturity of 730 days, bear a variable interest rate of BIST TLREF + 100 bps, feature four coupon payments, and are set to mature on September 24, 2026.

The details of the Company's short and long-term borrowings as of 31 December 2023 are as follows;

31 December 2023	**Interest rate %**	**Balance**
Short term borrowings		
TRL loans	17,64 - 49,87	441.105
Issued debt instruments	42,50 - 46	684.908
		1.126.013

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.

31 December 2023	**Interest rate %**	**Balance**
Short-term portions of long-term borrowings		
Short-term portions of long-term finance leases	8,45	56.550
Short-term portions of long-term loans	12 – 17,32	39.092
Short-term portions of long-term issued debt instruments	32,50	281.939
		377.581

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**
Long term borrowings		
Long term lease liabilities	14,89 – 21,10	102.908
		102.908

(Amounts expressed in thousands of Turkish lira ("TRL") in terms purchasing power of the TRL at December 31,2024 unless otherwise indicated)

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

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

31 December 2024	**Total liabilities**
1-2 years	506.384
	506.384

31 December 2023	**Total liabilities**
1-2 years	102.908
	102.908

The movement of bank loans is as follows:

	2024	**2023**
1 January	**1.447.044**	**1.192.350**
Cash inflows from borrowing	1.512.044	2.387.736
Cash outflows related to debt payments	(1.679.083)	(1.602.177)
Interest expense	546.018	431.762
Interest paid	(512.639)	(320.400)
Monetary gain/(loss)	(439.401)	(642.227)
31 December	**873.983**	**1.447.044**

The movement table of lease liabilities is as follows:

	2024	**2023**
1 January	**159.458**	**73.952**
Cash inflow within the period	148.702	171.272
Cash outflows related to lease payments for the period	(60.545)	(62.183)
Interest expense	27.735	14.276
Interest paid	-	(3)
Foreign exchange gain/(loss)	-	(74)
Changes in contracts	(84.411)	-
Monetary gain/(loss)	(57.298)	(37.782)
31 December	**133.641**	**159.458**

(Amounts expressed in thousands of Turkish lira ("TRL") in terms purchasing power of the TRL at December 31,2024 unless otherwise indicated)

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

The movement table of the right-of-use assets of the Company as of 31 December 2024 and 31 December 2023 is given below:

Right of use assets	**Vehicles**	**Buildings**	**Total**
As of 1 January 2024,	40.393	154.202	194.595
Additions	18.803	129.899	148.702
Disposal	(2.342)	(127.299)	(129.641)
Current depreciation expense (*)	(24.671)	(35.859)	(60.530)
As of 31 December 2024,	**32.183**	**120.943**	**153.126**

(*) TRL 340 of depreciation expenses are included in the cost of goods sold, TRL 5.073 in general administrative expenses, and TRL 55.117 in marketing, sales and distribution expenses.

Right of use assets	**Vehicles**	**Buildings**	**Total**
As of 1 January 2023,	49.512	50.597	100.109
Additions	15.774	6.669	22.443
Disposal	-	(17.782)	(17.782)
Changes in contracts	-	148.829	148.829
Current period depreciation expense (*)	(24.893)	(34.111)	(59.004)
As of 31 December 2023,	**40.393**	**154.202**	**194.595**

(*) TRL 569 of depreciation expenses are included in the cost of goods sold, TRL 7.958 in general administrative expenses, and TRL 50.477 in marketing, sales and distribution expenses.

NOTE 7 - Trade receivables and payables

Trade receivables	**31 December 2024**	**31 December 2023**
Trade receivables from related parties (Note 23)	42.743	74.904
Trade receivables from third parties	88.463	96.119
	131.206	**171.023**

Trade receivables from third parties	**31 December 2024**	**31 December 2023**
Cheques and notes receivables	1.573	1.390
Trade receivables	94.352	109.281
Rediscount (-)	-	(5.343)
Provisions for doubtful trade receivables (-)	(7.462)	(9.209)
	88.463	**96.119**

(Amounts expressed in thousands of Turkish lira ("TRL") in terms purchasing power of the TRL at December 31,2024 unless otherwise indicated)

NOTE 7 - Trade receivables and payables (Continued)

As of 31 December 2024 and 2023, the movement table for doubtful trade receivables is as follows:

	2024	**2023**
1 January	**9.209**	**13.932**
Provision recognized during the period	1.112	785
Reversal of provision	-	(31)
Inflation correction differences	(2.859)	(5.477)
31 December	**7.462**	**9.209**

Trade payables	**31 December 2024**	**31 December 2023**
Trade payables to related parties (Note 23)	7.189	9.613
Trade payables to third parties	125.774	191.988
	132.963	**201.601**

Trade payables to third parties	**31 December 2024**	**31 December 2023**
Suppliers	119.625	184.531
Other trade payables	6.149	16.152
Rediscount (-)	-	(8.695)
	125.774	**191.988**

NOTE 8 - Other receivables and payables

Other receivables	**31 December 2024**	**31 December 2023**
Other receivables from third parties	1.525	10.657
	1.525	**10.657**

Other receivables from third parties	**31 December 2024**	**31 December 2023**
Receivables from employees	995	2.648
Deposits and guarantees given	350	1.643
Sublease receivables	-	5.999
Other miscellaneous receivables	180	367
	1.525	**10.657**

(Amounts expressed in thousands of Turkish lira (“TRL”) in terms purchasing power of the TRL at December 31,2024 unless otherwise indicated)

NOTE 8 - Other receivables and payables (Continued)

Other long-term receivables	**31 December 2024**	**31 December 2023**
Sublease receivables	-	553
	-	**553**

Other payables	**31 December 2024**	**31 December 2023**
Other payables to third parties	3.829	572
	3.829	**572**

Other payables to third parties	**31 December 2024**	**31 December 2023**
Taxes, fees and deductions payables	3.152	-
Other	677	572
	3.829	**572**

Employee benefit liabilities	**31 December 2024**	**31 December 2023**
Due to employees	62.543	25.813
Social security premiums payable	9.348	17.803
Other withholding tax liabilities	36.233	43.159
	108.124	**86.775**

Long-term employee benefit liabilities	**31 December 2024**	**31 December 2023**
Due to employees	2.315	13.891
	2.315	**13.891**

NOTE 9 – Inventories

	31 December 2024	**31 December 2023**
Raw materials	210.347	269.098
Semi-finished goods	101.870	97.970
Finished goods	266.853	261.719
Trade goods	224.051	273.908
Other inventories	11.470	9.717
Provision for inventory impairments (*)	(25.157)	(23.615)
	789.434	**888.797**

(*) As of 31 December 2024 and 2023, the movement table regarding the stock impairment provision allocated as a result of the evaluation regarding the recoverability of stocks is as follows:

(Amounts expressed in thousands of Turkish lira ("TRL") in terms purchasing power of the TRL at December 31,2024 unless otherwise indicated)

NOTE 9 – Inventories (Continued)

	2024	**2023**
1 January	**23.615**	**19.473**
Provisions no longer required (-)	(11.126)	(15.940)
Addition	12.668	20.082
31 December	**25.157**	**23.615**

(Amounts expressed in thousands of Turkish lira (“TRL”) in terms purchasing power of the TRL at December 31,2024 unless otherwise indicated)

NOTE 10 - Property, plant and equipment

	Lands	Land improvements and buildings	Buildings	Machinery and equipment	Vehicles	Furniture and fixtures	Construction in progress	Special Costs	Total
As of 1 January 2024,									
Cost	43.347	20.536	675.293	934.021	15.152	252.921	-	5.226	1.946.496
Accumulated depreciation	-	(18.586)	(123.339)	(758.897)	(15.115)	(223.947)	-	(2.139)	(1.142.023)
Net book value	**43.347**	**1.950**	**551.954**	**175.124**	**37**	**28.974**	**-**	**3.087**	**804.473**
Opening balance	**43.347**	**1.950**	**551.954**	**175.124**	**37**	**28.974**	**-**	**3.087**	**804.473**
Additions	-	-	2.022	13.049	-	11.734	26.310	-	53.115
Disposal cost	-	-	-	(1.443)	-	(7.260)	-	(657)	(9.360)
Disposal depreciation	-	-	-	1.243	-	7.035	-	639	8.917
Transfers	-	-	-	-	-	-	-	-	-
Depreciation (*)	-	(282)	(16.292)	(36.380)	(12)	(12.312)	-	(1.975)	(67.253)
Closing balance	**43.347**	**1.668**	**537.684**	**151.593**	**25**	**28.171**	**26.310**	**1.094**	**789.892**
As of 31 December 2024,									
Cost	43.347	20.536	677.315	945.627	15.152	257.395	26.310	4.569	1.990.251
Accumulated depreciation	-	(18.868)	(139.631)	(794.034)	(15.127)	(229.224)	-	(3.475)	(1.200.359)
Net book value	**43.347**	**1.668**	**537.684**	**151.593**	**25**	**28.171**	**26.310**	**1.094**	**789.892**

(*) TRL 51.206 of depreciation expenses are included in the cost of goods sold, TRL 1.902 in general administrative expenses, TRL 2.273 in research and development expenses and TRL 11.872 in marketing, sales and distribution expenses.

(Amounts expressed in thousands of Turkish lira ("TRL") in terms purchasing power of the TRL at December 31,2024 unless otherwise indicated)

NOTE 10 - Property, plant and equipment (Continued)

	Lands	Land improvements and buildings	Buildings	Machinery and equipment	Vehicles	Furniture and fixtures	Construction in progress	Special Costs	Total
As of 1 January 2023,									
Cost	43.347	20.536	672.250	924.455	15.152	265.331	50.649	2.160	1.993.880
Accumulated depreciation	-	(16.603)	(108.297)	(718.675)	(14.985)	(230.454)	-	(1.937)	(1.090.951)
Net book value	**43.347**	**3.933**	**563.953**	**205.780**	**167**	**34.877**	**50.649**	**223**	**902.929**
Opening balance	**43.347**	**3.933**	**563.953**	**205.780**	**167**	**34.877**	**50.649**	**223**	**902.929**
Additions	-	-	3.043	10.127	-	10.132	-	3.066	26.368
Disposal cost	-	-	-	(561)	-	(22.542)	(5.187)	-	(28.290)
Disposal depreciation	-	-	-	363	-	18.804	-	-	19.167
Transfers	-	-	-	-	-	-	(45.462)	-	(45.462)
Depreciation (*)	-	(1.983)	(15.042)	(40.585)	(130)	(12.297)	-	(202)	(70.239)
									-
Closing balance	**43.347**	**1.950**	**551.954**	**175.124**	**37**	**28.974**	**-**	**3.087**	**804.473**
									-
As of 31 December 2023,									-
Cost	43.347	20.536	675.293	934.021	15.152	252.921	-	5.226	1.946.496
Accumulated depreciation	-	(18.586)	(123.339)	(758.897)	(15.115)	(223.947)	-	(2.139)	(1.142.023)
									-
Net book value	**43.347**	**1.950**	**551.954**	**175.124**	**37**	**28.974**	**-**	**3.087**	**804.473**

(*) TRL 54.787 of depreciation expenses is included in the cost of goods sold, 1.506 TRL is included in general administrative expenses, 2.329 TRL is included in research and development expenses, and 11.617 TRL is included in marketing, sales and distribution expenses.

(Amounts expressed in thousands of Turkish lira ("TRL") in terms purchasing power of the TRL at December 31,2024 unless otherwise indicated)

NOTE 11 - Intangible assets

Intangible assets include computer software, rights and development costs.

	Rights	Developments	License agreements	Other intangible assets	Total
As of 1 January 2024,					
Cost	3.209	86.167	229.074	18.927	337.377
Accumulated amortizations	(2.822)	(13.646)	(191.321)	(15.533)	(223.322)
Net book value	**387**	**72.521**	**37.753**	**3.394**	**114.055**
Opening balance	**387**	**72.521**	**37.753**	**3.394**	**114.055**
Additions	-	1.636	9.585	1.397	12.618
Transfers	-	-	-	-	-
Depreciation (*)	(173)	(17.261)	(15.629)	(4.900)	(37.963)
Closing balance	**214**	**56.896**	**31.709**	**(109)**	**88.710**
As of 31 December 2024,					
Cost	3.209	87.803	238.659	20.324	349.995
Accumulated amortizations	(2.995)	(30.907)	(206.950)	(20.433)	(261.285)
Net book value	**214**	**56.896**	**31.709**	**(109)**	**88.710**

(*) For the current period, amortization shares include TRL 20.337 in the cost of goods sold, TRL 1.771 in general administrative expenses, TRL 5.146 in research and development expenses and TRL 10.709 in marketing, sales and distribution expenses, has been made.

	Rights	Developments	License agreements	Other intangible assets	Total
As of 1 January 2023,					
Cost	2.868	21.542	219.139	18.927	262.476
Accumulated amortizations	(2.570)	(7.825)	(174.270)	(10.412)	(195.077)
Net book value	**298**	**13.717**	**44.869**	**8.515**	**67.399**
Opening balance	**298**	**13.717**	**44.869**	**8.515**	**67.399**
Additions	341	22.947	6.151	-	29.439
Transfers	-	41.678	3.784	-	45.462
Depreciation (*)	(252)	(5.821)	(17.051)	(5.121)	(28.245)
Closing balance	**387**	**72.521**	**37.753**	**3.394**	**114.055**
As of 31 December 2023,					
Cost	3.209	86.167	229.074	18.927	337.377
Accumulated amortizations	(2.822)	(13.646)	(191.321)	(15.533)	(223.322)
Net book value	**387**	**72.521**	**37.753**	**3.394**	**114.055**

(*) For the current period, amortization shares include TRL 10.922 in the cost of goods sold, TRL 1.686 in general administrative expenses, TRL 3.559 in research and development expenses, and TRL 12.078 in marketing, sales and distribution expenses, has been made.

(Amounts expressed in thousands of Turkish lira ("TRL") in terms purchasing power of the TRL at December 31,2024 unless otherwise indicated)

NOTE 12 - Provisions, contingent assets and liabilities

	31 December 2024	31 December 2023
Provisions for lawsuits	5.255	270
	5.255	**270**

15 employees of the Company have filed 15 lawsuits against the Company for the cancellation of their employment contracts, reinstatement and other compensation claims and a provision for lawsuits amounting to TRL 5.255 has been set aside as a result of the evaluations of the lawyers in relation to the related lawsuits.

	2024	2023
As of 1 January,	**270**	**1.883**
Provisions no longer required (-)	-	(873)
Addition	5.068	-
Monetary gain/(loss)	(83)	(740)
As of 31 December,	**5.255**	**270**

Contingent liabilities and contingent assets

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

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

There are commercial lawsuits filed against 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 2024. The company has objected to the enforcement proceedings in question and the proceedings are continuing.

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

Following the inability of Adel Kalemcilik Ticaret ve Sanayi A.Ş. to collect due to its current account relationship with its customer, a receivable was recorded in the bankruptcy estate with the file number 2017/32 at Istanbul Anadolu 3rd Bankruptcy Directorate. A provision has been made for the said amount. The aforementioned lawsuits do not have a material impact on the Company's financial position, operating results, or liquidity.

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

Deposits and guarantees given	**31 December 2024**	**31 December 2023**
Letters of credit	16.168	175.979
Guarantees letter	38.603	44.269

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

31 December 2024

	Letter of guarantees, pledge and mortgages provided by the Company	**TRL equivalents**	**In thousands of EUR**	**TRL**
A.	Total amount of GPMs given on behalf of the Company's legal personality	16.168	97	12.610
B.	Total amount of GPMs given in favor of subsidiaries included in full consolidation	-	-	-
C.	Total amount of GPMs given by the Company for the liabilities of 3rd parties in order to run ordinary course of business	-	-	-
D.	Total amount of other GPM's	-	-	-
	i. Total amount of GPMs given in favor of the parent Company	-	-	-
	ii. Total amount of GPMs given in favor of other group companies not in the scope of B and C above	-	-	-
	iii. Total amount of GPMs given in favor of third party companies not in the scope of C above	-	-	-
		16.168	**97**	**12.610**

31 December 2023

	Letter of guarantees, pledge and mortgages provided by the Company	**TRL equivalents**	**In thousand of EUR**	**TRL**
A.	Total amount of GPMs given on behalf of the Company's legal personality	175.979	-	175.979
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	-	-	-
		175.979	**-**	**175.979**

The ratio of other CPMs given by the Company to the Company's equity capital is 0% as of 31 December 2024 (31 December 2023: 0%).

(Amounts expressed in thousands of Turkish lira ("TRL") in terms purchasing power of the TRL at December 31,2024 unless otherwise indicated)

NOTE 13 - Employee benefits

Short term employee benefits	**31 December 2024**	**31 December 2023**
Premium accruals	11.392	8.378
Provisions for unused vacations	2.370	3.718
	13.762	**12.096**

Long term employee benefits	**31 December 2024**	**31 December 2023**
Provisons for employee termination benefits	33.401	41.711
	33.401	**41.711**

The movement table of unused vacation accruals as of 31 December 2024 and 2023 is as follows:

	2024	**2023**
As of 1 January,	**3.718**	**2.215**
Addition	11.264	16.124
Charge for the period	(11.171)	(13.757)
Monetary gain/(loss)	(1.441)	(864)
As of 31 December,	**2.370**	**3.718**

Provisions for employee termination benefits

In accordance with the provisions of the Labor Law in force, there is an obligation to pay the legal severance pay to employees whose employment contract has ended so that they are entitled to severance pay. In addition, in accordance with the legislation currently in force, there is an obligation to pay the legal severance pay to those who have the right to leave the job by receiving severance pay. As of 1 January 2025, the severance pay to be paid is subject to a monthly ceiling of TRL 46.655,43 (1 January 2024: TRL 35.058,58). Severance pay liability is not legally subject to any funding. Severance pay liability is calculated based on the estimation of the present value of the company's possible future liability arising from the retirement of employees. TAS 19 ("Employee Benefits") requires the company to develop its liabilities within the scope of defined monthly plans using actuarial valuation methods. Accordingly, the actuarial assumptions used in calculating total liabilities are stated below:

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

The main assumption is that the maximum liability for each year of service increases in line with inflation. Therefore, the discount rate applied represents the expected real rate after adjusting for the effects of future inflation. As of 31 December 2024 and 2023, provisions in the attached financial statements are calculated by estimating the present value of the possible future liability arising from the retirement of employees.

(Amounts expressed in thousands of Turkish lira ("TRL") in terms purchasing power of the TRL at December 31,2024 unless otherwise indicated)

NOTE 13 - Employee benefits (Continued)

	2024	2023
As of 1 January,	**41.711**	**90.256**
Service cost	20.802	34.905
Payments (-)	(10.072)	(54.944)
Actuarial losses	(6.680)	6.303
Monetary gain/(loss)	(12.360)	(34.809)
As of 31 December,	**33.401**	**41.711**

	31 December 2024	31 December 2023
Discount rate (%)	2,58	1,72
Turnover rate used in retirement probability calculation (%)	92,82	92,60

NOTE 14 - Other assets and liabilities

Short-term prepaid expenses	**31 December 2024**	**31 December 2023**
Advances given	13.591	12.404
Prepaid expenses	4.532	12.790
	18.123	**25.194**

Current tax assets	**31 December 2024**	**31 December 2023**
Prepaid taxes and funds	121.702	144.252
	121.702	**144.252**

Other current assets	**31 December 2024**	**31 December 2023**
Deffered VAT	70.948	63.943
Other current assets	65	57
	71.013	**64.000**

Long-term prepaid expenses	**31 December 2024**	**31 December 2023**
Prepaid expenses	16.562	9.574
	16.562	**9.574**

(Amounts expressed in thousands of Turkish lira ("TRL") in terms purchasing power of the TRL at December 31,2024 unless otherwise indicated)

NOTE 14 - Other assets and liabilities (Continued)

Deffered income	31 December 2024	31 December 2023
Advances received	61.053	222.648
Short-term deferred income	-	6.525
	61.053	**229.173**

NOTE 15 - Capital, reserves and other equity items

Capital

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

	31 December 2024		31 December 2023	
	% Share	**Amount**	**% Share**	**Amount**
AG Anadolu Grubu Holding A.Ş.	56,89	147.831	56,89	13.439
Faber - Castell Aktiengesellschaft	15,4	40.017	15,4	3.638
Shares publicly held	27,71	72.027	27,71	6.548
Paid in capital	**100,00**	**259.875**	**100,00**	**23.625**
Inflation adjustment to share capital		317.244		553.494
Total capital		**577.119**		**577.119**

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

Number of shares, share groups and privileges:

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

Restricted reserves allocated from profit

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

(Amounts expressed in thousands of Turkish lira ("TRL") in terms purchasing power of the TRL at December 31,2024 unless otherwise indicated)

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

	31 December 2024	31 December 2023
Legal reserves	295.550	279.735
Real estate and subsidiary shares sales profit	4.209	4.210
R&D investment fund	1.578	1.128
	301.337	**285.073**

Retained Earnings

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

	31 December 2024	31 December 2023
Other retained earnigs /(loss)	337.250	(14.255)
Extraordinary reserves	217.252	137.997
	554.502	**123.742**

As of 31 December 2024 and 2023, the fund items included in shareholders' equity in the financial statements prepared in accordance with the Tax Procedure Law are as follows.

Retained Earnings	CPI Adjusted Statuary Entrys	PPI Adjusted Statuary Entrys	Followed ammount of profit or loss brought forward
Adjustments to share capital	373.489	317.244	56.245
Restricted reserves	387.287	301.337	85.950

Dividend distribution

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

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

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

(Amounts expressed in thousands of Turkish lira ("TRL") in terms purchasing power of the TRL at December 31,2024 unless otherwise indicated)

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

At the Ordinary General Meeting held on 16 April 2024, 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 2023 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 150.002 full TRL, calculated on the basis of purchasing power, will be distributed to full taxpayer institutions at the rate of 57,72% gross amounting to 0,5772 full TRL for each share with a nominal value of 1 full TRL and 0,5195 for each share with a nominal value of 1 full TRL. It was decided to distribute a net cash dividend of 51,95% in full TRL, and dividend payments started and were completed on 26 September 2024.

	31 December 2024	**31 December 2023**
Dividends distributed to shareholders	182.419	28.589
	182.419	**28.589**

NOTE 16 - Revenue and cost of sales

	1 January - 31 December 2024	**1 January - 31 December 2023**
Domestic sales	3.684.202	3.974.588
Foreign sales	125.989	225.569
Sales discounts (-)	(1.098.212)	(934.658)
Net sales	**2.711.979**	**3.265.499**
Cost of sales (-)	**(1.324.068)**	**(1.740.926)**
Gross profit	**1.387.911**	**1.524.573**

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

	1 January - 31 December 2024	**1 January - 31 December 2023**
Direct material cost	358.435	766.600
Direct labour costs	250.711	293.185
General production expenses	119.711	152.073
Depreciation and amortization expenses	71.883	66.275
Provision for inventories	12.668	20.082
Change in semi-finished goods	(3.900)	(9.071)
Change in finished goods	(16.260)	(112.771)
Cost of products sold	**793.248**	**1.176.373**
Cost of goods sold	530.820	564.553
Cost of sales	**1.324.068**	**1.740.926**

(Amounts expressed in thousands of Turkish lira ("TRL") in terms purchasing power of the TRL at December 31,2024 unless otherwise indicated)

NOTE 17 - Expenses by natures

The operating expenses of the Company are as follows.

	1 January - 31 December 2024	1 January - 31 December 2023
Raw materials, supplies and merchandise	869.095	1.209.311
Personnel expenses	737.355	811.990
Depreciation and amortization expenses	165.746	157.488
Outsourced service expenses	147.038	131.940
Advertising expenses	82.126	39.824
Domestic sales expenses	71.582	84.464
License expenses	38.565	48.690
Informaiton systems expenses	31.059	30.386
Fuel, water, electricity expenses	30.769	46.980
Maintenance and repair expenses	28.185	27.855
Insurance expense	16.868	7.802
Other expenses	139.643	148.060
	2.358.031	**2.744.790**

By nature expenses include cost of sales, research and development expenses, marketing, selling and distribution expenses and general administrative expenses.

	1 January - 31 December 2024	1 January - 31 December 2023
Cost of sales	1.324.068	1.740.926
Research and development expenses	18.964	17.878
Marketing, selling and distribution expenses	581.457	575.010
General administration expenses	433.542	410.976
	2.358.031	**2.744.790**

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:

Personnel expenses	**2024**	**2023**
Research and development expenses	9.611	11.002
Cost of sales	286.986	345.646
Marketing, selling and distribution expenses	200.775	217.288
General administrative expenses	239.983	238.054
	737.355	**811.990**

Research and development expenses	**2024**	**2023**
Personnel expenses	9.611	11.002
Depreciation and amortization expenses	7.419	5.893
Other expenses	1.934	983
	18.964	**17.878**

(Amounts expressed in thousands of Turkish lira (“TRL”) in terms purchasing power of the TRL at December 31,2024 unless otherwise indicated)

NOTE 17 - Expenses by natures (Continued)

Marketing sales distrubution expenses

	2024	**2023**
Personnel expenses	200.775	217.288
Domestic sales expenses	66.935	80.921
Advertising expenses	82.126	39.824
Depreciation and amortization expenses	77.698	74.170
Business and services license expenses	38.565	48.690
Other expenses	115.358	114.117
	581.457	**575.010**

General administrative expenses

	2024	**2023**
Personnel expenses	239.983	238.054
Depreciation and amortization expenses	8.746	11.150
Business and services	117.823	105.493
Other expenses	66.990	56.279
	433.542	**410.976**

NOTE 18 - Other operating and investment activities income and expenses

	1 January - 31 December 2024	**1 January - 31 December 2023**
Other income from main operations		
Foreign exchange gain	10.897	81.606
Rediscount interest income	1.170	11.521
Other	7.275	13.133
	19.342	**106.260**

	1 January - 31 December 2024	**1 January - 31 December 2023**
Other operating expense		
Currency translation expense	5.982	18.510
Donation expenses	8.286	24.159
Litigation provision expenses (Note: 12)	5.068	-
Sale of scrap and other materials	19.758	-
Inventory shortages	6.807	6.619
Rediscount interest loss	714	10.312
Other	3.290	10.769
	49.905	**70.369**

(Amounts expressed in thousands of Turkish lira ("TRL") in terms purchasing power of the TRL at December 31,2024 unless otherwise indicated)

NOTE 19 - Income and expense from investment activities

	1 January - 31 December 2024	1 January - 31 December 2023
Income from investment activities		
Profit on sale of property, plant and equipment	1.058	715
Other	-	36
	1.058	**751**

	1 January - 31 December 2024	1 January - 31 December 2023
Expenses from investment activities		
Expense arising from cancellation of the rental agreement	39.382	-
Losses from sale of property, plant and equipment	1.052	234
Transfer of currency translation differences recognized income statement	5.682	-
	46.116	**234**

	1 January - 31 December 2024	1 January - 31 December 2023
Share from income/(loss) of investment valued by equity method		
LCC Faber-Castell Anadolu	-	(1.618)
	-	**(1.618)**

NOTE 20 - Finance income and expenses

Finance income	1 January - 31 December 2024	1 January - 31 December 2023
Interest income	148.600	178.219
Foreign exchange income	18.748	67.296
Currency protected deposit income	17.286	62.158
Gain on sale of funds	77.383	5.796
Interest income from sublease receivables	135	1.791
	262.152	**315.260**

Finance expenses	1 January - 31 December 2024	1 January - 31 December 2023
Interest expenses	573.753	447.830
Foreign exchange expenses	3.207	18.510
	576.960	**466.340**

(Amounts expressed in thousands of Turkish lira ("TRL") in terms purchasing power of the TRL at December 31,2024 unless otherwise indicated)

NOTE 21- 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 2024	**1 January - 31 December 2023**
Current period provision for corporate tax (-)	-	(192.733)
Deferred tax income/(expense)	(57.633)	184.311
Total deferred tax expense, (net)	**(57.633)**	**(8.422)**

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

	2024	**2023**
Profit/loss before tax	**76.277**	**637.865**
Tax rate	25%	25%
Calculated tax expenses	19.069	159.466
Non-deductible expenses	4.559	14.772
Research and development allowances	(5.752)	(4.598)
Tax exempt income	(6.407)	(20.631)
Other	-	345
Monetary gain/(loss)	46.164	(140.932)
Tax income/(expense)	**57.633**	**8.422**

	31 December 2024	**31 December 2023**
Period income tax provision	-	(192.732)
Prepaid tax expenses (-)	121.702	336.984
Profit for the period tax (liability)/receivable, net	**121.702**	**144.252**

(Amounts expressed in thousands of Turkish lira ("TRL") in terms purchasing power of the TRL at December 31,2024 unless otherwise indicated)

NOTE 21- 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 2023: TRL 0)

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

As of 31 December 2024, the Company used an R&D discount advantage of TRL 5.752 (31 December 2023: TRL 4.598) in return for legal tax.

	Total temprorary differences		**Deferred tax**	
	31 December 2024	**31 December 2023**	**31 December 2024**	**31 December 2023**
Tangible and intangible assets	10.370	158.157	2.593	39.539
Provisions for employee termination benefits	31.061	51.638	7.765	12.909
Provision for decrease in value of inventories	(137.755)	(90.870)	(34.439)	(22.717)
Incentive premium accurals	11.440	33.920	2.860	8.480
Right of use assets transactions	(19.485)	(41.778)	(4.871)	(10.446)
Other adjustment	8.544	28.135	2.132	7.032
Deferred tax asset/(liability), net	**(95.825)**	**139.202**	**(23.960)**	**34.797**

NOTE 22 - Earnings per share

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

	1 January - 31 December 2024	**1 January - 31 December 2023**
Profit /(loss) for the period	18.644	629.443
Average number of shares (1-TRL nominal value weighted average number of shares)	89.645.548	23.625.000
Earnings per share /(loss) (Full TRL)	**0,2080**	**26,6431**

(Amounts expressed in thousands of Turkish lira ("TRL") in terms purchasing power of the TRL at December 31,2024 unless otherwise indicated)

NOTE 23 - Related parties transactions

a) Related Parties' Balances

	Receivables from related parties	
	31 December 2024	**31 December 2023**
Migros Ticaret A.Ş. (2)	30.001	65.850
A.W.Faber-Castell Vertrieb GmbH (2)	3.166	6.885
AEP Anadolu Etap Penkon (2)	650	3.688
Anadolu Sağlık Merkezi İktisadi İşl (2)	6.750	-
LLC Faber-Castell Anadolu (3)	-	1.489
Other	2.176	1.333
	42.743	**79.245**
Less: Rediscount on receivables/ payables (-)	-	(4.341)
	42.743	**74.904**

	Payable to related parties	
	31 December 2024	**31 December 2023**
AG Anadolu Grubu Holding A.Ş. (1)	6.689	10.041
Anadolu Efes Biracılık ve Malt San. A.Ş. (2)	36	20
Other	464	14
	7.189	**10.075**
Less: Rediscount on receivables/ payables (-)	-	(462)
	7.189	**9.613**

1) Partners
2) Joint ventures
3) Other companies managed by the partner

(Amounts expressed in thousands of Turkish lira ("TRL") in terms purchasing power of the TRL at December 31,2024 unless otherwise indicated)

NOTE 23 - Related parties transactions (Continued)

b) Related Parties' transactions

Product purchase	1 January - 31 December 2024	1 January - 31 December 2023
A.W.Faber-Castell Vertrieb GmbH (2)	113.105	147.349
A.W. Faber-Castell (Guangzhou) Stationery Co. Ltd. (2)	100.678	100.379
A.W.Faber Castell (M) Sdn.Bhd. (2)	87.180	122.463
Pt. Pencil Lead Indonesia (2)	19.226	29.955
Other	2.434	4.512
	322.623	**404.658**

Product sales	1 January - 31 December 2024	1 January - 31 December 2023
Migros Ticaret A.Ş. (2)	101.073	120.943
A.W.Faber Castell Peruana (2)	5.107	9.285
A.W.Faber-Castell Vertrieb GmbH (2)	18.393	18.522
Other	2.811	6.718
	127.384	**155.468**

Services received	1 January - 31 December 2024	1 January - 31 December 2023
AG Anadolu Grubu Holding A.Ş. (1)	66.728	46.619
Moneypay Ödeme ve Elektronik Para Hizmetleri A.Ş.	-	4.250
Migros Ticaret A.Ş. (2)	412	2.826
Anadolu Efes Spor Kulübü (2)	5.815	3.062
Other	175	786
	73.130	**57.543**

Services given	1 January - 31 December 2024	1 January - 31 December 2023
A.W. Faber-Castell Vetrieb Gmbh. (2)	6.050	5.157
AG Anadolu Grubu Holding A.Ş. (1)	360	3.495
Anadolu Kafkasya Enerjı Yatırımları A.Ş. (2)	4.925	5.126
AEP Anadolu Etap Penkon Gıda ve Tarım Ürün San ve Tic A.Ş (2)	20.776	18.247
Other	1.346	1.869
	33.457	**33.894**

Other	1 January - 31 December 2024	1 January - 31 December 2023
Anadolu Eğitim ve Sosyal Yard. Vakfı (2)	3.549	22.487
	3.549	**22.487**

1) Shareholders
2) Joint Ventures

(Amounts expressed in thousands of Turkish lira (“TRL”) in terms purchasing power of the TRL at December 31,2024 unless otherwise indicated)

NOTE 23 - Related parties transactions (Continued)

c) Benefits provided to key management

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

	2024	**2023**
Short-term employee benefits	117.002	124.398
Other long-term benefits	30.190	31.589
Post-employment benefits	-	3.061
Benefits due terminations	-	6.108
	147.192	**165.156**

NOTE 24 - Nature and level of risks arising from financial instruments

(a) Capital risk management

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

(Amounts expressed in thousands of Turkish lira ("TRL") in terms purchasing power of the TRL at December 31,2024 unless otherwise indicated)

NOTE 24 - Nature and level of risks arising from financial instruments (Continued)

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

	31 December 2024	31 December 2023
Total borrowings	1.007.624	1.606.502
Less: Cash and cash equivalents	(659.335)	(1.335.793)
Net dept	348.289	270.709
Total equity	1.449.086	1.603.807
Total equity + net dept	**1.797.375**	**1.874.516**
Net dept / (total equity+net dept) ratio	**19%**	**14%**

(b) Credit risk

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

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

(c) Currency risk and management

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

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

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

	31 December 2024	31 December 2023
Assets	66.017	175.003
Liabilities	(17.963)	(60.179)
Net balance sheet foreign currency position	**48.054**	**114.824**

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

(Amounts expressed in thousands of Turkish lira ("TRL") in terms purchasing power of the TRL at December 31,2024 unless otherwise indicated)

NOTE 24 - Nature and level of risks arising from financial instruments (Continued)

Profit/(Loss) 31 December 2024	Appreciation of Foreign currency	Depreciation of Foreign currency
If the US Dollar changes 20% +/- against TRL:		
1- USD net asset/liability	9.172	(9.172)
2- Part hedged against USD risk (-) (*)	-	-
3- USD net effect (1+2)	**9.172**	**(9.172)**
In case the Euro changes 20% +/- against TRL:		
4- - Euro net asset/liability	439	(439)
5- Hedged portion from Euro risk (-)	-	-
6- Euro net effect (4+5)	**439**	**(439)**
On average 20% +/- change in other exchange rates against TRL:		
7- Other foreign currency net asset/liability	-	-
8- Hedged portion from other exchange rate risk (-)	-	-
9- Net effect on other FX assets (7+8)	**-**	**-**
	9.611	**(9.611)**

Profit/(Loss) 31 December 2023	Appreciation of Foreign currency	Depreciation of Foreign currency
If the US Dollar changes 20% +/- against TRL:		
1- USD net asset/liability	22.310	(22.310)
2- Part hedged against USD risk (-) (*)	-	-
3- USD net effect (1+2)	**22.310**	**(22.310)**
In case the Euro changes 20% +/- against TRL:		
4- - Euro net asset/liability	654	(654)
5- Hedged portion from Euro risk (-)	-	-
6- Euro net effect (4+5)	**654**	**(654)**
On average 20% +/- change in other exchange rates against TRL:		
7- Other foreign currency net asset/liability	-	-
8- Hedged portion from other exchange rate risk (-)	-	-
9- Net effect on other FX assets (7+8)	**-**	**-**
	22.964	**(22.964)**

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

(Amounts expressed in thousands of Turkish lira ("TRL") in terms purchasing power of the TRL at December 31,2024 unless otherwise indicated)

NOTE 24 - Nature and level of risks arising from financial instruments (Continued)

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

	31 December 2024					31 December 2023				
	TRL equivalent	**Thousands USD**	**Thousand EUR**	**Thousands GBP**	**Thousands Other**	**TRL equivalent**	**Thousand USD**	**Thousand Avro**	**Thousand GBP**	**Thousand Other**
1. Trade receivables	15.048	285	136	-	-	36.190	668	166	-	-
2a. Monetary financial assets	35.223	1.000	-	-	-	110.506	2.600	-	-	-
2b. Non-monetary financial assets	-	-	-	-	-	-	-	-	-	-
3. Other	15.746	432	15	-	-	28.307	582	76	-	-
4. Total current assets (1+2+3)	**66.017**	**1.717**	**151**	**-**	**-**	**175.003**	**3.850**	**242**	**-**	**-**
5. Trade receivables	-	-	-	-	-	-	-	-	-	-
6a. Monetary financial assets	-	-	-	-	-	-	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-	-	-	-	-	-	-
7. Other	-	-	-	-	-	-	-	-	-	-
8. Total non-current assets (5+6+7)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
9. Total assets (4+8)	**66.017**	**1.717**	**151**	**-**	**-**	**175.003**	**3.850**	**242**	**-**	**-**
10. Trade payables	14.524	319	90	-	-	57.752	1.177	164	-	-
11. Financial liabilities	-	-	-	-	-	-	-	-	-	-
12a. Other monetary liabilities	3.439	96	1	-	-	2.427	48	8	-	-
12b. Othre non-monetary liabilities	-	-	-	-	-	-	-	-	-	-
13. Total current liabilities (10+11+12)	**17.963**	**415**	**91**	**-**	**-**	**60.179**	**1.225**	**172**	**-**	**-**
14. Trade payables	-	-	-	-	-	-	-	-	-	-
15. Financial liabilities	-	-	-	-	-	-	-	-	-	-
16a. Other monetary liabilities	-	-	-	-	-	-	-	-	-	-
16b. Other non-monetary liabilities	-	-	-	-	-	-	-	-	-	-
17. Total non-current liabilities (14+15+16)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
18. Total liabilities (13+17)	**17.963**	**415**	**91**	**-**	**-**	**60.179**	**1.225**	**172**	**-**	**-**
19. Net asset/ (liability) position of off-balance sheet derivative instruments (19a-19b)	**140.893**	**4.000**	**-**	**-**	**-**	**544.033**	**12.800**	**-**	**-**	**-**
19a. Total asset amount hedged	140.893	4.000	-	-	-	544.033	12.800	-	-	-
19b. Total liabilities amount hedged	-	-	-	-	-	-	-	-	-	-
20. Net foreign currency asset / (liability) position (9-18+19)	**188.947**	**5.302**	**60**	**-**	**-**	**658.857**	**15.425**	**70**	**-**	**-**
21. Monetary items net foreign currency asset / (liability) position (1+2a+3+5+6a-10-11-12a-14-15-16a)	**48.054**	**1.302**	**60**	**-**	**-**	**114.824**	**2.625**	**70**	**-**	**-**
22. Exports	**125.989**	**2.191**	**696**	**-**	**6.680**	**225.569**	**3.608**	**786**	**-**	**-**
23. Imports	**458.584**	**10.419**	**3.349**	**52**	**95**	**624.526**	**14.759**	**3.943**	**105**	**16.369**
%20 increase	**-**	**9.172**	**439**	**-**	**-**	**-**	**15.453**	**453**	**-**	**-**

NOTE 24 - Nature and level of risks arising from financial instruments (Continued)

(d) Interest rate risk and management

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

(e) Credit risk management

Holding financial instruments also carries the risk that the other party will not be able to fulfill the requirements of the agreement. The Company's collection risk mainly arises from its trade receivables. Trade receivables are evaluated 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 57% 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 95% 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.

(Amounts expressed in thousands of Turkish lira ("TRL") in terms purchasing power of the TRL at December 31,2024 unless otherwise indicated)

NOTE 24 - Nature and level of risks arising from financial instruments (Continued)

	Trade receivables		**Other receivables**			
31 December 2024	**Related parties**	**Other**	**Related parties**	**Other**	**Cash in banks**	**Other financial assets**
Maximum net credit risk as of balance sheet date	**42.743**	**88.463**	**-**	**1.525**	**36.205**	**623.130**
- The part of maximum risk under guarantee with collateral etc.	**-**	**10.373**	**-**	**-**	**-**	**-**
A. Net book value of financial assets that are neither past due nor impaired	42.743	88.463	-	1.525	36.205	623.130
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)	-	7.462				
- Impairment (-)	-	(7.462)	-	-	-	-
- 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	-	-	-	-	-	-

(Amounts expressed in thousands of Turkish lira ("TRL") in terms purchasing power of the TRL at December 31,2024 unless otherwise indicated)

NOTE 24 - Nature and level of risks arising from financial instruments (Continued)

	Trade receivables		**Other receivables**			
31 December 2023	**Related parties**	**Other**	**Related parties**	**Other**	**Cash in banks**	**Other financial assets**
Maximum net credit risk as of balance sheet date	**74.904**	**96.119**	**-**	**11.229**	**1.142.461**	**3.917**
- The part of maximum risk under guarantee with collateral etc.	**-**	**55.205**	**-**	**-**	**-**	**-**
A. Net book value of financial assets that are neither past due nor impaired	74.904	96.119	-	11.229	1.142.461	3.917
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)	-	9.209				
- Impairment (-)	-	(9.209)	-	-	-	-
- 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	-	-	-	-	-	-

(Amounts expressed in thousands of Turkish lira ("TRL") in terms purchasing power of the TRL at December 31,2024 unless otherwise indicated)

NOTE 24 - Nature and level of risks arising from financial instruments (Continued)

The details of the mortgages and guarantees received for the receivables with or without a balance are explained below.

	31 December 2024	31 December 2023
Mortgages	1.930	1.810
Pledge agreements	1.315	30
Letter of guarantees	23.610	11.263
	26.855	**13.103**

(f) Liquidity risk and management

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

Liquidity risk tables

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

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

The maturity distribution of the Company's derivative and non-derivative financial liabilities in TRL terms is shown below.

31 December 2024	Book Value	Total Cash Outflow	Less than 3 Months	Between 3-12 Months	Between 1-5 Years	More than 5 Years
Financial Liabilities	1.007.624	1.230.935	470.223	-	760.712	-
Trade Payables	132.963	132.963	132.963	-	-	-
Other Payables	111.953	111.953	111.953	-	-	-

31 December 2023	Book Value	Total Cash Outflow	Less than 3 Months	Between 3-12 Months	Between 1-5 Years	More than 5 Years
Financial Liabilities	1.606.502	1.623.362	370.351	1.253.011	-	-
Trade Payables	191.988	200.691	200.691	-	-	-
Other Payables	87.347	87.346	87.346	-	-	-

(Amounts expressed in thousands of Turkish lira ("TRL") in terms purchasing power of the TRL at December 31,2024 unless otherwise indicated)

NOTE 25 - Financial instruments

25.1 Fair value

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

Fair value hedge accounting

Level 1: Market price valuation techniques for the determined financial instruments traded in markets (unadjusted)
Level 2: Other valuation techniques including direct or indirect observable inputs
Level 3: Valuation techniques not containing observable market inputs

	31 December 2024	Level 1	Level 2	Level 3
Derivative financial liabilities	561	-	561	-
	31 December 2023	**Level 1**	**Level 2**	**Seviye 3**
Derivative financial liabilities	2.485	-	2.485	-

25.2 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 2024, Adel has a foreign exchange forward transaction with a nominal value of TRL 140.893 amounting to USD 4.000.000 (31 December 2023: Nominal value of TRL 361.272 amounting to USD 8.500.000).

As of 31 December 2024, the Company has allocated USD 1.000.000 equivalent of TRL 35.223 from its bank deposits for the payments related to raw material and trade goods purchases to be made in the future periods in order to hedge against fluctuations in foreign exchange rates and the related amount has been subject to hedge accounting. (31 December 2023: USD 2.600.000 equivalent of TRL 110.506)

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.

(Amounts expressed in thousands of Turkish lira ("TRL") in terms purchasing power of the TRL at December 31,2024 unless otherwise indicated)

NOTE 25 - Financial instruments (Continued)

25.2 Derivative financial instruments and hedging transactions (Continued)

	2024			2023		
		Market value			Market value	
	Contract Amount	Assets	Liabilities	Contract Amount	Assets	Liabilities
For hedging purposes:						
Forward transaction	140.893	-	561	361.272	-	2.485
	140.893	**-**	**561**	**361.272**	**-**	**2.485**
Short term	140.893	-	561	361.272	-	2.485
	140.893	**-**	**561**	**361.272**	**-**	**2.485**

Objectives in financial risk management:

The Company's finance department is responsible for ensuring regular access to financial markets and monitoring and managing the financial risks incurred in connection with the Company's activities. These risks are; It includes market risk (including currency risk, fair interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Company does not have speculative financial instruments (including derivative financial instruments) and does not have any activity related to the purchase and sale of such instruments.

31 December 2024	**Note**	**Fair value differences reflected in other comprehensive income**	**Financial assets shown at amortized cost**	**Financial liabilities shown at amortized value**	**Book value**	**Fair value**
Financial assets						
Cash and cash equivalences	4	-	659.335	-	659.335	659.335
Trade receivables from third parties	7	-	88.463	-	88.463	88.463
Receivables from related parties	23	-	42.743	-	42.743	42.743
Other financial assets	5	-	1.305	-	1.305	1.305
Financial liabilities						
Financial borrowings	6	-	-	873.983	873.983	873.983
Lease liabilities	6	-	-	133.641	133.641	133.641
Trade payables from third parties	8	-	-	125.774	125.774	125.774
Payables to related parties	23	-	-	7.189	7.189	7.189
Other financial liabilities	9	-	-	3.829	3.829	3.829

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**
Financial assets						
Cash and cash equivalences	4	-	1.146.378	-	1.146.378	1.146.378
Trade receivables from third parties	7	-	96.119	-	96.119	96.119
Receivables from related parties	23	-	74.904	-	74.904	74.904
Other financial assets	5	-	1.120	-	1.120	1.120
Financial liabilities						
Financial borrowings	6	-	-	1.447.044	1.447.044	1.447.044
Lease liabilities	6	-	-	159.458	159.458	159.458
Trade payables to third parties	7	-	-	191.988	191.988	191.988
Payables from related parties	23	-	-	9.613	9.613	9.613
Derivatives	25.1		-	2.485	2.485	2.485
Other financial liabilities	9	-	-	572	572	572

(Amounts expressed in thousands of Turkish lira ("TRL") in terms purchasing power of the TRL at December 31,2024 unless otherwise indicated)

NOTE 26 - 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 2024. (31 December 2023: None).

As of 31 December 2024, 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 23.007 TRL. (31 December 2023: 18.394 TRL).

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 2024, the Corporate Tax deduction within the scope of incentive certificate numbered 502680 has not been benefited from. (31 December 2023: None).

Within the scope of the incentive certificate numbered 502790, 1.445 TRL was spent. The incentive certificate is subject to VAT and customs tax exemption, and there is no corporate tax support. (31 December 2023: 660 TRL)

NOTE 27 - 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 2024 and 1 January -31 December 2023 are as follows:

	31 December 2024	**31 December 2023**
Independent audit fee for the reporting period	2.205	2.046
Tax consulting fee	-	-
Other assurance services fee	95	72
Other service fee apart from audit	-	-
	2.300	**2.118**

(Amounts expressed in thousands of Turkish lira ("TRL") in terms purchasing power of the TRL at December 31,2024 unless otherwise indicated)

NOTE 28 - Disclosures on net monetary position gains / (losses)

	31 Aralık 2024
Financial Position Statement Items	
Inventory	273.119
Prepaid expenses	6.973
Financial investments	28
Property, plant and equipment	244.710
Intangible assets	30.283
Right of use assets	48.573
Deferred income	1.381
Adjustment to share capital	(177.393)
Other comprehensive expenses that will not be reclassified to profit or loss	2.056
- Losses on remeasurement of defined benefit obligations	2.056
Other comprehensive income (expenses) that will be reclassified to profit or loss	(2.591)
- Currency translation differences	1.746
- Gains (loss) on hedge	(4.337)
Restricted reserves	(88.625)
Retained earnings	(199.096)
Profit or Loss Statement Items	
Revenue	(378.888)
Cost of sales (-)	195.794
Research and development expenses (-)	1.883
General administrative expenses (-)	50.043
Marketing expenses (-)	69.483
Other income from operating activities	(2.712)
Other expenses from operating activities (-)	(15.160)
Income from investment activities	(3.760)
Expenses from investment activities (-)	5.358
Finance income	(36.494)
Finance expenses (-)	75.344
Deferred tax income	10.695
Other Comprehensive Income Statement Items	
Other comprehensive income (expenses) that will not be reclassified	1.754
NET MONETARY POSITION GAINS / (LOSSES)	**112.758**

NOTE 29 - Events after the reporting period

None.

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