



Earnings Release

2026 First Quarter Financial Results

**Investing with a
Profitability Focus in a
Challenging Environment**

**Türkiye'den Dünyaya
Güvenle Yarına**

www.lilakagit.com



1Q 2026 Earnings Release

Statement by Mr. Alp Ögücü, General Manager of Lila Kağıt:

We Reiterate Our Guidance as We Continue Our Investments with a Profitability Focus in a Challenging Business Environment

The first quarter of 2026 stood out as a challenging period marked by rising geopolitical tensions globally, conflicts in various regions, particularly the Middle East, and volatility in raw material and energy prices. While the heightened uncertainty directly affected global trade volumes and pricing dynamics, we focused more strongly than ever on cost management, cash flow discipline, and operational efficiency during this period. In this challenging environment, we continued to move forward without compromising our goal of growing our company on solid foundations and maintaining sustainable profitability.

In the first quarter of 2026, our total sales tonnage in the jumbo roll paper and converting business lines reached 48.3 thousand tons, while our net sales revenue amounted to TL 3.2 billion. Although these figures indicate a contraction compared to the strong base of the first quarter of 2025, sales tonnage in this challenging environment was 9% higher than in the fourth quarter of 2025. These results reinforced our cautiously optimistic view for 2026 as a whole.

Sales volume in the jumbo roll paper business line, which is predominantly composed of export sales, contracted due to the war environment that became particularly effective as of the second half of February. On the other hand, sales volume in converting, which is mainly composed of branded product sales, maintained the positive momentum achieved in 2025 and continued its strong double-digit growth. During this period, we continued to record significant achievements in converting exports. While maintaining our balanced position in the domestic market in the converting business, we achieved tonnage growth of more than 60% in export markets in 1Q 2026 compared to the same period of the previous year.

In this challenging period, our gross profit stood at TL 1.0 billion, while the gross profit margin improved by 142 basis points compared to 1Q 2025 to 31.8%. Despite increasing inflationary pressures and fluctuations in energy prices, EBITDA reached TL 635.6 million, corresponding to an EBITDA margin of 20%, indicating an improvement compared to the same period of the previous year. Inflation accounting, which has been applied in our country since 2023, causes a periodic negative impact on the TFRS-compliant income statements of manufacturing companies with low indebtedness and strong equity, while the fact that exchange rates in export-oriented companies increase below inflation further reinforces the monetary loss effect. Companies with strong balance sheets like ours—especially those with high equity and low financial leverage—are adversely affected by inflation accounting. Excluding the monetary loss item, which reflects the negative impact of inflation accounting, our net profit for the period was TL 678.3 million, while the net profit margin excluding monetary loss was 21.3%.

At our Erzurum production facility, which is an important part of our growth plans for the upcoming period, machinery installation is ongoing while converting test production has begun. We aim to open the converting production facility, which constitutes the first phase of our investment, in 2Q 2026. While continuing our investments without slowing down in this quarter, we will focus on our Ergene smart warehouse and automation investments as well as renewable energy investments during the remainder of the year. We maintain our cautious optimism for 2026. In particular, we foresee growth in our jumbo roll business line with the normalization in export markets as of the second quarter of 2026, and in our converting business line through the development of effective sales operations in the domestic market and expansion into new countries in foreign markets. We also believe that pulp prices, which reached bottom levels in mid-2025 and then stabilized with a slight upward trend, will contribute to predictability in the market. In light of recent developments in the Middle East, volatility in commodity and energy prices continues, while periodic increases in transportation and freight expenses in particular are causing the operating expenses/net sales ratio to move upward. However, despite the delayed impact of fluctuations in spot markets and the latest price increases, we consider these risks to be at manageable levels, given Türkiye's advantageous position compared to Europe, particularly in terms of natural gas and electricity costs. Considering our Company's strong trade volume in the Eurozone, we expect the limited upward movement in the EUR/USD parity that began in April to have positive effects on our sales revenues.

In light of all these developments, we reiterate our 2026 guidance. While proactive raw material purchases, operational efficiency, and strict cost controls will remain our priorities in 2026, we are determined to sustain quality growth over the long term through normalization in our markets and a focus on branded, value-added products. Our strategic priorities and strong execution capability are reflected positively in the way we do business in these challenging environments, while we maintain our focus on creating lasting value for both our employees and shareholders over the long term and look to the future with confidence.



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Operational Performance:

(kTon)	1Q25	1Q26	y/y%
Total Production Tonnage	55,4	52,6	-5%
Capacity Utilization Rate	91%	86%	
Total Sales Tonnage	52,4	48,3	-8%
<i>Domestic sales ratio</i>	<i>25%</i>	<i>25%</i>	
<i>Export Sales Ratio</i>	<i>75%</i>	<i>75%</i>	

In 1Q 2026:

- Jumbo roll paper production tonnage contracted by 5% in 1Q 2026 compared to 1Q 2025, mainly due to the trade wars that have continued since the second quarter of 2025, geopolitical risks and their potential impact on global trade, and amounted to 52.6 thousand tons (1Q 2025: 55.4 thousand tons). Nevertheless, Lila Kağıt's capacity utilization rate was recorded at 86% (1Q 2025: 91%), 10 points above the Türkiye average of 76%¹ in 1Q 2026 (1Q 2025 Türkiye CUR: 73%).
- On the other hand, jumbo roll paper production and sales volumes, which remained strong in 1Q 2025 before the trade wars had an impact, contracted as of 2Q 2025 and this effect continued throughout the year. While jumbo roll paper production tonnage was 47.6 thousand tons in 4Q 2025, production tonnage grew by 11% in 1Q 2026 compared to the previous quarter despite the ongoing challenging market conditions.
- Total paper sales tonnage was 44.1 thousand tons in 4Q 2025, while sales tonnage increased by 9% in 1Q 2026 compared to the previous quarter, reaching 48.3 thousand tons.
- In 1Q 2026, converting sales volume grew by 15% compared to the same period of the previous year. This growth was mainly driven by the continued momentum in branded product sales and the strong performance achieved through new customer acquisitions in export markets. The converting export market grew by 67% year-on-year, with Denmark, Estonia, Azerbaijan, Georgia, Malta and Morocco making positive contributions to this growth.
- In 1Q 2026, the United Kingdom accounted for 27% and Europe for 49% of export markets, while the share of sales to the Americas increased to 16%. The combined share of Asia and Africa was 8%.
- The shares of the jumbo roll paper and converting business lines in total paper sales tonnage were 68% and 32%, respectively (1Q 2025: 74% and 26%).
- The shares of export and domestic markets in total paper sales volume were 75% and 25%, respectively (1Q 2025: 75% and 25%).

Financial Performance:

The financial results for 1Q 2026 and 1Q 2025 have been prepared in accordance with TAS 29- Financial Reporting in Hyperinflationary Economies, and the financial statements dated December 31, 2025 and March 31, 2025 are presented in terms of the purchasing power as of March 31, 2026.

¹ Pulp and Paper Industry Foundation (SKSV) – Paper Production Data for Q1 2026 and Q1 2025

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Comprehensive Income or Loss ('000 TL)	1 January- 31 March 2026	1 January- 31 March 2025
Net Sales	3.189.712	3.945.483
Gross Profit	1.015.504	1.200.256
Operating Profit	510.333	838.044
Net (Loss)/Profit	(142.397)	(1.206)
Net Profit for the Period Excluding TAS 29 Monetary Loss	678.263	865.082
EBITDA	635.605	774.918
Adj. EBITDA	733.071	1.056.597

Key Ratios	1 January- 31 March 2026	1 January- 31 March 2025
Gross Profit Margin	31,8%	30,4%
Operating Profit Margin	16,0%	21,2%
Net Profit Margin	n.m	n.m
EBITDA Margin	19,9%	19,6%
Adj. EBITDA Margin	23,0%	26,8%

Sales Revenues:

- In addition to the trade wars triggered by ongoing discussions regarding customs tariffs in international markets since the second quarter of 2025, the U.S., Israel and Iran war that began in the Middle East in the first quarter of 2026 created uncertainty and volatility in global trade, energy and commodity prices.
- Despite the strong momentum in converting in 1Q 2026, net sales decreased by 19% year-on-year to TL 3.2 billion (1Q 2025: TL 3.9 billion) due to the impact of the global contraction in the jumbo roll paper segment, which had been strong in 1Q 2025, and the fact that exchange rates increased below inflation in the first quarter of 2026.
- In 1Q 2026, three-month inflation was 10.0%², while the U.S. Dollar and EUR appreciated against the TL by 3.6% and 1.1%³, respectively, in the same period. On the other hand, contrary to 2026 macroeconomic expectations, the war that began in the Middle East pushed the EUR/USD parity down to 1.14 levels, which also had a margin-suppressing impact on sales to Eurozone markets. In 1Q 2026, 29% of net sales were EUR-denominated, 51% were U.S. Dollar-denominated and 26% were TL-denominated (1Q 2025: 20% EUR, 57% U.S. Dollar, 23% TL). The increase in exchange rates below inflation in the first three months of 2026 had a negative impact on the change in net sales.
- Pulp raw material prices, which also affect the determination of final product sales prices, reached their lowest level in the last five years in 2025 and stabilized as of the final quarter of 2025. Pulp prices continued their limited upward movement in the first quarter of 2026; however, the upward trend in pulp pricing did not create an upward impact on sales prices in 1Q 2026.
- On the other hand, while demand in the domestic market remained flat compared to the same period of the previous year, the drivers of growth in the converting business were strong momentum in export markets, new customer and channel gains, and robust momentum in the away-from-home channel. Growth in the converting export channel was 67%, while growth in the away-from-home channel was in the high double digits.
- The shares of jumbo roll paper and converting product sales in total sales were 56% and 40%, respectively. The share of other sales revenues was 4% (2024: 62%, 33%, 5%).

² TurkStat data

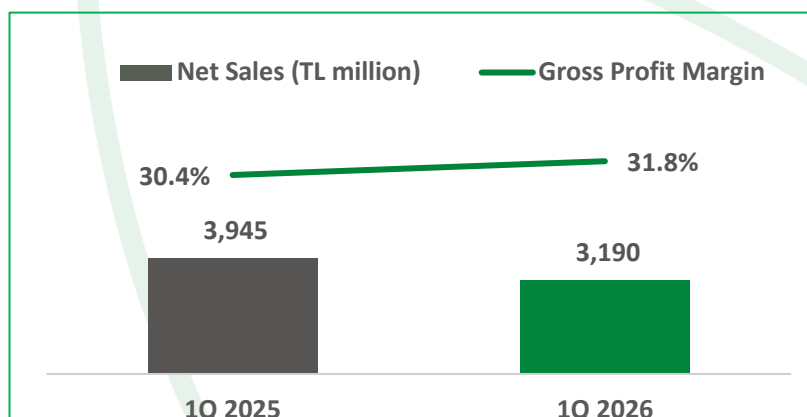
³ TCMB Official FX Buying Rates



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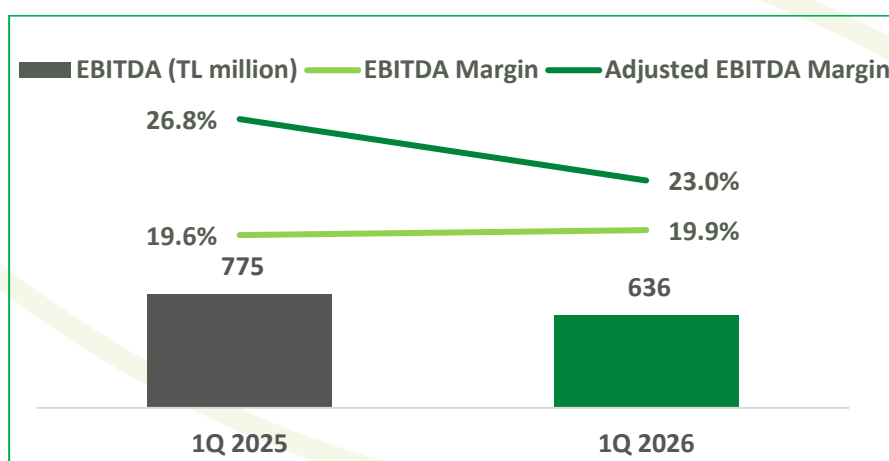
Gross Profit and Gross Profit Margin:

- In 1Q 2026, the gross profit margin improved by 142 basis points compared to 1Q 2025 to 31.8%, thanks to cost efficiency, effective supply chain management, and a focus on value-added products.
- Despite sudden price changes in energy markets, also driven by the Middle East war, Türkiye maintained its advantageous position compared to Europe and other international markets, contributing to the relatively manageable share of energy in costs and supporting the resilience of the gross profit margin.
- In 1Q 2026, value-added products (VAPs) accounted for 8.3% of the converting business line.
- Gross Profit amounted to TL 1.0 billion in 1Q 2026 (1Q 2025: TL 1.2 billion).



EBITDA & EBITDA Margin:

- EBITDA amounted to TL 636 million in 1Q 2026 (1Q 2025: TL 775 million, -18%).
- The EBITDA margin was positively affected by the efficiency achieved at the gross profit level and increased by 29 basis points to 19.9% in 1Q 2026 (1Q 2025: 19.6%), despite the rise in transportation/freight expenses driven by higher energy costs due to the war that began in the Middle East and inflation-driven increases in operational expenses with a high TL component.
- In 1Q 2026, the Adjusted EBITDA Margin, including foreign exchange income and expenses related to trade receivables and payables directly associated with the Company's operations, was 23.0% (1Q 2025: 26.8%, down 380 basis points).



EBITDA Reconciliation:

The Company's "Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)" calculation is made by adding depreciation and amortization expenses and foreign exchange differences arising from trade receivables and payables to "Operating profit excluding other income/(expenses)". As of March 31, 2026 and March 31, 2025, the reconciliation between operating profit and EBITDA is as follows:

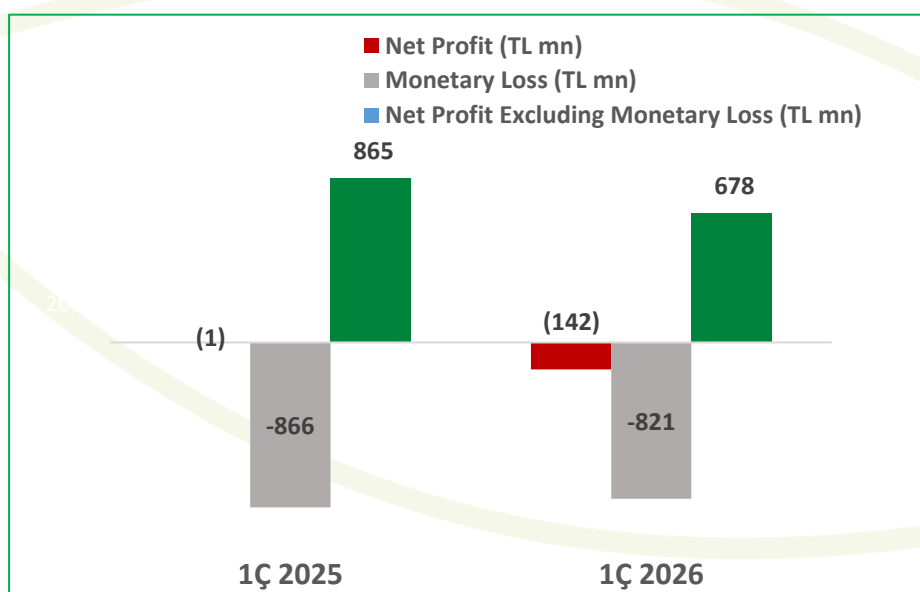


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('000TL)	1Q 2026	1Q 2025
Operating Income Exc. Other Income/(Expense)	411.285	554.298
Depreciation and Amotization	224.320	220.620
EBITDA	635.605	774.918
Foreign exchange differences arising from trade receivables and trade payables	97.466	281.679
Adj. EBITDA	733.071	1.056.597

Net Profit & Net Profit Margin:

- Our Company successfully continued its operations in 1Q 2026 with high operational profitability and strong cash flow generation. However, reported net profit was suppressed by the monetary loss recorded under high inflation accounting. This effect arises from the balance sheet structure, not from operational performance.
- Although our high equity and low indebtedness levels are financially positive indicators under normal conditions, they lead to a monetary loss in a high inflation environment. In addition, exchange rate increases that did not exceed inflation suppressed our export revenues in real terms and supported the monetary loss effect.
- The monetary loss does not reflect our Company's operational performance and arises from accounting effects in a high inflation environment. Operationally, our strong performance and solid financial structure are maintained.
- Excluding the monetary loss arising from TAS 29, our Company's net profit and profitability indicators maintained their strong course, and net profit for the period excluding the monetary loss item was TL 678.3 million in 1Q 2026 (1Q 2025: TL 865.1 million).
- Net loss for the period including the monetary loss item was TL 142.4 million. (1Q 2025: (-) TL 1.2 million)
- The net profit margin excluding monetary loss was 21.3%, supported by disciplined raw material purchases, the contribution of the value-added product portfolio and disciplined financial management, despite ongoing geopolitical issues, global trade conditions that have not yet fully normalized, the negative effects of relatively high inflation on TL-based expenses, and the adverse impact of volatile energy, transportation and freight expenses on operating expenses. (1Q 2025: 21.9%).

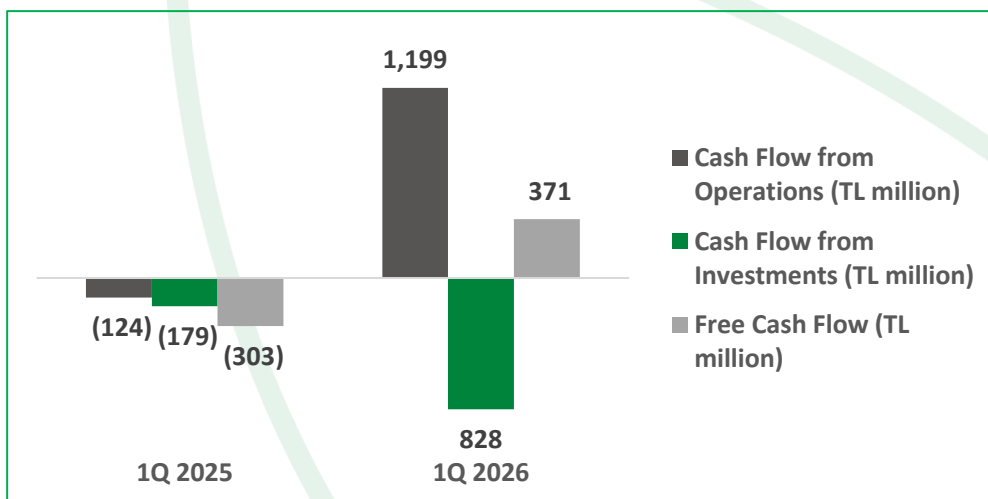




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Free Cash Flow:

- Our Company continues to generate strong cash flow from its operations and has high financial flexibility thanks to its low indebtedness level. Our ongoing investments will support capacity growth and sustainable profitability in the medium and long term, while our strong balance sheet structure enables these investments to be financed in a healthy manner.
- Despite high investment expenditures in 1Q 2026, free cash flow turned positive compared to the same period of the previous year and amounted to TL 371 million, supported by effective working capital utilization and cash-generating operations.



Capital Expenditures:

- In 1Q 2026, TL 828 million of capital expenditures were made, of which TL 804 million was spent on the Erzurum production facility investments and TL 24 million on automation and operational efficiency investments at the Ergene production facility.
- Machinery line installations and test production have begun at our Erzurum Converting production facility, and it is targeted to become operational by starting mass production during 2Q 2026. The Erzurum factory is the first heavy industry facility operating in the tissue paper field in Eastern Anatolia and the Black Sea region, and once all phases are completed, this investment is expected to make a positive contribution to the Company's domestic and international sales and market share.
- As part of the intensive investment program ongoing in 1Q 2026, the capital expenditures/net sales ratio was 26.0% in 1Q 2026 (1Q 2025: 6.2%).

Net Cash Position and Foreign Exchange Risk:

- In 1Q 2026, the Company continued to maintain its net cash position in line with its vision of effective working capital management and a significant reduction in financial indebtedness. As of March 31, 2026, the Net Debt position was TL-4.7 billion, and the net debt / EBITDA ratio was-1.3x.
- As of March 31, 2026, 51% of the Company's cash assets consisted of TL, 39% of U.S. Dollars and 10% of EUR.
- In 1Q 2026, the ratio of the Company's exports to imports was 2.24. Although 100% of pulp raw material is imported, the fact that approximately 70% of sales on average over the last three years were made to export markets and all were denominated in U.S. Dollars and EUR provides a natural hedge against foreign exchange risk.



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Key Financial Ratios:

Key Ratios	31 March 2026	31 March 2025
Cash Ratio	1,9	3,2
Current Ratio	3,6	5,9
Acid- Test Ratio	3,1	5,0
Leverage Ratio	0,2	0,2
Total Equity/ Total Assets	80%	84%
Net Cash / Total Equity	(0,3)	(0,3)
Net Cash / EBITDA (Yearly)	(1,3)	(1,6)
Working Capital / Net Sales (Yearly)	25%	29%

- As of March 31, 2026, the Cash ratio was 1.9, the Current ratio was 3.6 and the Acid-test ratio was 3.1. The decline in ratios compared to year-end was due to the more effective use of high liquidity levels in line with working capital and investment needs, while the liquidity level maintained its strong outlook above sector averages.
- With prudent balance sheet management and profitable operations generating cash flow, the leverage ratio was 0.2.
- As financial indebtedness continued to decline and equity steadily grew over the years thanks to increasing profitability, the ratio of equity to total assets was 80%.
- The Company's current ratios indicate that it has the potential to meet its existing debts over a period exceeding twelve months and has a very strong liquidity structure.
- On the other hand, the Working Capital / Sales ratio declined to 25%, indicating an increase in efficiency in working capital management.
- Strong liquidity and low indebtedness support the Company's capacity to finance the ongoing investment period and act flexibly against potential market fluctuations.

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Summary Consolidated Statement of Financial Position Dated March 31, 2026

(Unless otherwise stated, amounts are expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL as of March 31, 2026.)

	USD (*)		
	Current Period 31 March 2026	Current Period 31 March 2026	Prior Period 31 December 2025
ASSETS			
Current Assets			
Cash and cash equivalents	126.276	5.604.634	6.255.731
Financial assets	5.988	265.781	271.513
Trade receivables	76.188	3.381.515	3.297.195
Other receivables	2.134	94.733	19.048
Inventories	37.297	1.655.397	1.807.098
Derivatives	17	765	-
Prepaid expenses	6.749	299.545	186.606
Assets related to current tax	2.571	114.108	137.581
Other current assets	231	10.338	74.264
Total Current Assets	257.451	11.426.816	12.049.036
Non-Current Assets			
Other receivables	158	7.019	11.671
Property, plant and equipment	187.357	8.315.666	8.092.508
Intangible assets	1.455	64.583	66.094
Rights of use assets	3.337	148.104	168.446
Prepaid expenses	26.573	1.179.432	776.153
Total Non-Current Assets	218.880	9.714.804	9.114.872
TOTAL ASSETS	476.331	21.141.620	21.163.908

(*) U.S. Dollar amounts have been calculated from TL amounts using the CBRT official U.S. Dollar buying exchange rate applicable on March 31, 2026.

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Summary Consolidated Statement of Financial Position Dated March 31, 2026

(Unless otherwise stated, amounts are expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL as of March 31, 2026

	USD (*)		Prior Period
	Current Period	Current Period	
	31 March	31 March	31 December
	2026	2026	2025
LIABILITIES			
Short-Term Liabilities			
Short-term borrowings	6.922	307.259	264.152
Current portion of long-term borrowings	1.549	68.749	716.919
Trade payables	34.571	1.534.401	749.561
Payables related to employee benefits	4.298	190.756	148.271
Payables related to shareholders	20.278	900.025	-
Deferred incomes	1.014	45.024	50.051
Short term provisions	1.146	50.873	46.440
Other current liabilities	1.024	45.543	69.617
Total Short-Term Liabilities	70.802	3.142.630	2.045.011
Long-Term Liabilities			
Long-term borrowings	19.003	843.442	914.879
Deferred tax liabilities	605	26.865	32.970
Long term provisions	4.547	201.818	195.121
Deferred incomes	2.483	110.226	120.322
Total Long-Term Liabilities	26.638	1.182.351	1.263.292
Total Equity			
Share capital	13.293	590.000	590.000
Share capital adjustments	107.231	4.759.369	4.759.369
Premiums on shares	113.985	5.059.106	5.059.106
Restricted reserves appropriated from profit	14.514	644.184	547.457
Other comprehensive income or expenses that will not be reclassified subsequently to profit or loss	(1.262)	(55.994)	(59.510)
- Actuarial losses from defined pension plans	(1.262)	(55.994)	(59.510)
Other comprehensive income or expenses that will be reclassified subsequently to profit or loss	(13)	(595)	(535)
- Foreign currency translation differences	(13)	(595)	(535)
Retained earnings	134.349	5.962.966	5.084.628
Net profit for the period	(3.206)	(142.397)	1.875.090
Non- controlling interests	-	-	-
Total Equity	378.891	16.816.639	17.855.605
TOTAL LIABILITIES	476.331	21.141.620	21.163.908

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Summary Consolidated Statement of P&L for the Interim Period Ended 31 March 2026

(Unless otherwise stated, amounts are expressed in thousands of Turkish Lira ("TL"), in terms of the purchasing power of TL as of 31 March 2026.)

	USD (*)		
	Current Period 31 March 2026	Current Period 31 March 2026	Prior Period 31 December 2025
Statement of Profit or Loss			
Revenue	71.866	3.189.712	3.945.483
Cost of Sales (-)	(48.986)	(2.174.208)	(2.745.227)
Gross Profit	22.880	1.015.504	1.200.256
Marketing and sales expenses (-)	(10.652)	(472.795)	(519.212)
General administrative expenses (-)	(2.961)	(131.424)	(126.746)
Other income from operating activity	2.383	105.687	296.744
Other expenses from operating activity (-)	(150)	(6.639)	(12.998)
Operating Profit	11.500	510.333	838.044
Income from investment activities	455	20.204	66.407
Operating Profit Before Finance Income	11.955	530.537	904.451
Finance incomes	6.142	272.592	407.083
Finance expenses (-)	(2.231)	(99.023)	(312.608)
Monetary (loss)/gain	(18.490)	(820.660)	(866.288)
Profit Before Tax	(2.624)	(116.554)	132.638
Tax (expense)/income	(582)	(25.843)	(133.844)
Current tax (expense) /income	(458)	(20.318)	(203.592)
Deferred tax income/(expense)	(124)	(5.525)	69.748
Net Profit For The Period	(3.206)	(142.397)	(1.206)



About the Company

The foundations of Lila Kağıt were laid with the ginning and weaving trading house established by the Öğücü family in 1930. In the 1990s, operating as Marmara Pamuklu Mensucat, it became Türkiye's largest integrated cotton yarn and dyeing facility and operated under different names mainly in yarn production until the 2000s. In 2005, in line with its goal of becoming a "sustainable facility capable of generating its own resources," it decided to invest in energy and established its own power plant within the campus. Lila Kağıt was founded in 2006 with 100% Turkish capital to meet Türkiye's rapidly growing needs in the hygienic tissue paper market. With an annual gross paper production capacity of 271 thousand tons and a production facility spread over a total area of 300,000 m2, it is among the largest players in Europe and the Middle East among fully integrated facilities producing on the same campus. Reaching consumers at more than 80,000 points with its Sofia, Maylo, UltraBerrak and Nua brands and hygienic tissue paper products such as toilet paper, paper towels, tissues and napkins, Lila Kağıt exports semi-finished and finished products to more than 80 countries across 5 continents, creating added value for the national economy.

For detailed information: www.lilakagit.com

Disclaimer

In this information note regarding the first quarter 2026 financial results, financial data adjusted for the effects of inflation have been used in accordance with the relevant accounting principles set out in Turkish Accounting Standard 29 "Financial Reporting in Hyperinflationary Economies" (TAS 29), pursuant to the decision of the Capital Markets Board dated December 28, 2023 and numbered 81/1820.

The information included in this information note has been largely derived from the summary consolidated financial statements dated March 31, 2026 published on the Public Disclosure Platform (KAP). The report published on April 28, 2026 can be accessed at <https://www.kap.org.tr/tr/> and <https://lilakagit.com/yatirimci-iliskileri/>.

This document contains statements regarding the Company's performance. These statements have been prepared based on current available data. Whether the Company's future performance will materialize as expected depends on uncertainties and/or unforeseeable events that may be encountered in the future and that may significantly affect the Company's performance, including but not limited to changes in macroeconomic and geopolitical conditions, potential increases in tax rates, unexpected climate-related events and natural disasters. The aforementioned uncertainties and/or unforeseeable events, including but not limited to those mentioned, may cause the Company's future performance to develop in a direction entirely different from the assessments contained in this document.

The Company warns the recipients of this document that the assessments and information contained herein are based on current data and do not constitute a guarantee or commitment regarding the Company's future performance or financial results. The Company, the members of the Company's board of directors, the Company's executives and/or the Company's employees shall not be liable for any damages that may arise from the use of the content of this document.

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