KARTONSAN KARTON SANAYİ VE TİCARET ANONİM ŞİRKETİ

CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023 TOGETHER WITH THE INDEPENDENT AUDITORS' REPORT

(CONVENIENCE TRANSLATION INTO ENGLISH OF THE INDEPENDENT AUDITORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS 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 Kartonsan Karton Sanayi ve Ticaret Anonim Şirketi

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Kartonsan Karton Sanayi ve Ticaret Anonim Şirketi (the "Company" or "Kartonsan") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the consolidated financial statements in Turkey, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Inventories	
Please refer to notes 2.5 and 9 to the consolidated financial statements.	
Key audit matter	**How our audit addressed the key audit matter**
Inventories are valued at the lower of cost or net realisable value in the consolidated financial statements. The cost of inventories is determined by the weighted average method on a monthly basis. Cost elements of inventories, inventory impairment policy, determination of provision for inventory impairment and inventory valuation determined as a key audit matter for audit of the consolidated financial statements.	We performed the following procedures for testing the provision for inventory impairment and net realisable value: As a part of our audit procedures, - Evaluating whether there is a need for provision for net realizable value in accordance with the changes in gross sales profit on a general or product basis, -Evaluating the sales invoice samples and the unit prices in these invoices were compared with the unit prices in the balance sheet period and after the balance sheet date, -Testing inventory impairment balances with the inventory aging reports and prepare and compare the year-end inventory counts indicate that whether there were inventories that had not moved or been damaged for a long time which is considered as idle, -Comparing the inventory turnover ratio, statement of cost of sales and selling costs to sales ratio with the prior period, -Recalculating the inventory cards selected as a sample for the cost calculation of the Group on the basis of substantive tests, -Evaluating inventory impairment study of the Group, -Testing the disclosures in the consolidated financial statements in relation to the inventories and evaluating the adequacy of such disclosures for TFRS requirements, We had no material findings related to the accounting for inventories as a result of these procedures.

Property, plant and equipment	
Please refer to notes 2.5 and 11 to the consolidated financial statements.	
Key audit matter	**How our audit addressed the key audit matter**
The consolidated financial statements as of and for the year ended 31 December 2023 include property, plant and equipment with carrying value of TL 1.673.057.810. Depreciation is provided for property, plant and equipment on a straight-line basis over their estimated useful lives for property, plant and equipment and the Group management used some estimates for the calculation of the relevant property, plant and equipment. In addition, the Group management has been tested for impairment on property, plant and equipment in every reporting period. The accounting estimates used by the Group management for calculating the depreciation on these estimates, the impairment tests and related notes determined as a key audit matter for audit of the consolidated financial statements.	We performed the following procedures in relation to the depreciation calculation methods of property, plant and equipment and evaluating the related impairment tests: As a part of our audit procedures, - We have evaluated the model of impairment tests critically based on the Group management's estimates and assumptions. We have assessed the discounted cash flow estimates and past financial performances and trends of the Group. We have recalculated the impairment model in order to evaluate the sensitivity of the growth rates, discount rates and some basic assumptions used by the Group management. - Evaluating the consistency of estimates performed by the Group management for property, plant and equipment based on retrospective comparison, - Assessing and recalculating the inputs and estimates used including the depreciation studies for the impairment analysis of property, plant and equipment performed by the Group management, -Testing the disclosures in the consolidated financial statements in relation to the impairment on property, plant and equipment and evaluating the adequacy of such disclosures for TFRS requirements, We had no material findings related to the recognition for property, plant and equipment as a result of these procedures.

<table>
<tr><td colspan="2">Revenue</td></tr>
<tr><td colspan="2">Please refer to notes 2.5 and 19 to the consolidated financial statements.</td></tr>
<tr><td>Key audit matter</td><td>How our audit addressed the key audit matter</td></tr>
<tr><td>Revenue is recognized when the control of the products sold is transferred to the customers, therefore when the performance obligation is satisfied and it is probable that any future economic benefit associated with the item of revenue will flow to the entity, or the amount of revenue can be measured reliably and accounted for an accrual basis.

Relevant revenue items are material to the consolidated financial statements. Based on the aforementioned disclosure, it has been determined as a key audit matter whether the revenue is recognized to the correct period in accordance with the periodicity and matching principle of sales.

The consolidated financial statements as of and for the year ended 31 December 2023 include revenue with the carrying value of TL 2.480.406.498 which is recognised in “revenue” item under consolidated statement of profit or loss and other comprehensive income.</td><td>We performed the following procedures for testing the revenue recognition:

As a part of our audit procedures,

-Evaluating the revenue as a process is evaluated by observing the sales and delivery procedures of the Group,

- Our audit procedures are focused on the assessment of invoices issued but risk and ownership have not been transferred. In this context, invoice, delivery note, warehouse exit and delivery documents are analyzed by sampling method and the actual delivery is made before the balance sheet date is evaluated.
-Evaluating the revenue recognition during the period by applying the material verification procedures and substantive tests to the sales returns during the period following the end of the year.

-Testing the disclosures in the consolidated financial statements in relation to the recognition of revenue and evaluating the adequacy of such disclosures for TFRS requirements,

We had no material findings related to the revenue recognition as a result of these procedures.</td></tr>
</table>

Application of TAS 29 – “Financial Reporting in Hyperinflationary Economies”	
Please refer to note 2.01 to the consolidated financial statements.	
Key audit matter	**How our audit addressed the key audit matter**
As stated in Note 2.01, the Group applied TAS 29 “Financial reporting in hyperinflationary economies” (“TAS 29”) in the consolidated financial statements as of and for the year ended 31 December 2023 due to the functional currency (“TL”) determined as the currency of the hyperinflationary economy. TAS 29 requires consolidated financial statements to be restated into the current purchasing power of Turkish Lira at the end of the reporting period. Applying TAS 29 results in significant changes to the consolidated financial statement items and non-monetary balances included in the Group’s consolidated financial statements as of and for the year ending 31 December 2023, including prior year restatements to reflect a price index that is current at the balance sheet date as of 31 December 2023. In addition, considering the additional effort required to perform the audit of the application of TAS 29, we identified the application of TAS 29 as a key audit matter.	We performed the following audit procedures in relation to the application of TAS 29: As a part of our audit procedures, - Understanding and evaluating the process and controls related to application of TAS 29 designed and implemented by the Group management, - Verifying whether the Group management’s determination of monetary and non-monetary items is in compliance with TAS 29, - Obtaining detailed lists of non-monetary items and testing original entry dates and amounts with supporting documentation on a sample basis whether they are correctly included in the calculation, - Verifying the general price index rates and methodologies used in calculations correspond with the coefficients in the “Consumer Price Index in Turkey”, - Testing the mathematical accuracy of non-monetary items, consolidated statement of profit or loss, and statement of cash flow adjusted for inflation effects, - Evaluating the adequacy of disclosures related to the application of TAS 29 in the notes to the consolidated financial statements in accordance with TFRS. We had no material findings related to the application of inflation accounting as a result of these procedures.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group’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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

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

Our aim is to obtain reasonable assurance about whether the consolidated 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 ISAs 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement in the consolidated 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 Group’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 Group’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 consolidated 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 Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated 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.

Report on Other Legal and Regulatory Requirements

1) 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 Group’s Board of Directors on 4 June 2024.

2) 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 Group’s bookkeeping activities concerning the period from 1 January to 31 December 2023 period are not in compliance with the TCC and provisions of the Group’s articles of association related to financial reporting.

3) 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.

The engagement partner who supervised and concluded this independent auditor’s report is Emine Gündüz Altınok.

GÜRELİ YEMİNLİ MALİ MÜŞAVİRLİK VE BAĞIMSIZ DENETİM HİZMETLERİ A.Ş.
An Independent Member of BAKER TILLY INTERNATIONAL

Emine Gündüz Altınok
Partner
İstanbul, 4 June 2024

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KARTONSAN KARTON SANAYİ VE TİCARET A.Ş.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023 AND 2022
(Amounts on tables expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	(Audited) 31 December 2023	(Audited) 31 December 2022
ASSETS			
Current Assets			
Cash and Cash Equivalents	4	95.114.223	625.235.359
Trade Receivables	5-6	235.597.294	337.331.919
- Related Parties	*5*	*10.756.175*	*31.216.089*
- Third Parties	*6*	*224.841.119*	*306.115.830*
Other Receivables	8	29.354.468	37.885.832
- Third Parties	8	*29.354.468*	*37.885.832*
Inventories	9	558.194.356	1.086.458.628
Prepaid Expenses	5-17	38.158.946	87.230.688
- Related Parties	*5*	*14.610.670*	*20.768.017*
- Third Parties	*17*	*23.548.276*	*66.462.671*
Other Current Assets	*17*	68.072.242	71.562.461
- Third Parties	*17*	*68.072.242*	*71.562.461*
Total Current Assets		**1.024.491.529**	**2.245.704.887**
Non-Current Assets			
Other Receivables	8	404.687	146.682
- Third Parties	8	*404.687*	*146.682*
Investment Properties	10	3.744.069	3.744.069
Property, Plant and Equipment	11	1.673.057.810	1.740.009.860
- Land		*213.082.959*	*213.082.961*
- Land improvements		*34.735.605*	*35.926.682*
- Buildings		*404.843.297*	*375.245.529*
- Plant, machinery and equipment		*963.937.292*	*1.051.076.805*
- Motor vehicles		*4.426.169*	*5.376.659*
- Furniture and fixtures		*45.236.260*	*49.474.733*
- Leasehold improvements		*139.573*	*190.062*
- Constructions in progress		*52.212*	*2.788.432*
- Other property, plant and equipment		*6.604.443*	*6.847.997*
Right of Use Assets	12	17.795.631	15.201.350
Intangible Assets	12	17.391.039	20.559.772
- Other Intangible Assets		*17.391.039*	*20.559.772*
Prepaid Expenses	17	35.987.028	63.352.190
- Third Parties		*35.987.028*	*63.352.190*
Deferred Tax Assets	25	242.738.008	2.024.542
Total Non-Current Assets		**1.991.118.272**	**1.845.038.465**
TOTAL ASSETS		**3.015.609.801**	**4.090.743.352**

The accompanying notes form an integral part of these consolidated financial statements.

KARTONSAN KARTON SANAYİ VE TİCARET A.Ş.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 AND 2022

(Amounts on tables expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	(Audited) 31 December 2023	(Audited) 31 December 2022
LIABILITIES			
Current Liabilities			
Short-term borrowings	5-7	752.946	2.036.455
- Related parties	5-7	*752.946*	*335.746*
- Lease liabilities	5-7	*752.946*	*335.746*
- Third parties	7	0	1.700.709
- Bank borrowings	7	*0*	*0*
- Lease liabilities	7	*0*	*1.700.709*
Trade payables	5-6	459.753.877	467.180.725
- Related parties	5	*152.512*	*136.801*
- Third parties	6	*459.601.365*	*467.043.924*
Employee benefits	16	21.260.283	14.509.773
Other payables	5-8	29.363.942	45.719.399
- Related parties	5	*148.723*	*148.052*
- Third parties	8	*29.215.219*	*45.571.347*
Current income tax liabilities	25	3.922.919	3.104.842
Short-term provisions	14-16	14.681.766	23.656.941
- Short-Term Provisions for Employee Benefits	16	6.132.029	10.209.559
- Other Short-Term Provisions	14	8.549.737	13.447.382
Total Current Liabilities		**529.735.733**	**556.208.135**
Non-Current Liabilities			
Long-Term Borrowings	5-7	6.897.349	6.267.893
- Related parties	5-7	6.897.349	5.752.351
- Lease liabilities	5-7	*6.897.349*	*5.752.351*
- Third parties	7	0	515.542
- Lease liabilities	7	*0*	*515.542*
Long-Term Provisions	16	60.709.325	78.372.171
- Long-Term Provisions for Employee Benefits	16	*60.709.325*	*78.372.171*
Deferred tax liabilities	25	32.915.237	146.500.144
Total Non-Current Liabilities		**100.521.911**	**231.140.208**
EQUITY			
Equity Holders of the Parent		**2.384.163.036**	**3.301.687.144**
Paid-in Share Capital	*18*	75.000.000	75.000.000
Adjustment to Share Capital	*18*	580.247.842	580.247.842
Share Premium		7.579.137	7.579.137
Other Comprehensive Income or Expenses not to be Reclassified to Profit or Loss	*18*	(33.210.857)	(35.221.801)
-Gains/(losses) on remeasurements of defined benefit plans	*18*	(33.210.857)	(35.221.801)
Restricted Reserves	*18*	567.611.693	533.837.394
- Gains on Disposal of Subsidiaries or Property, Plant and Equipment and Intangible Assets	*18*	30.327.572	30.327.572
-Legal Reserves	*18*	537.284.121	503.509.822
Retained Earnings		2.032.600.317	1.603.320.119
Profit of the Period		(845.665.096)	536.924.453
Non-Controlling Interests		**1.189.121**	**1.707.865**
Total Equity		**2.385.352.157**	**3.303.395.009**
TOTAL LIABILITIES AND EQUITY		**3.015.609.801**	**4.090.743.352**

The accompanying notes form an integral part of these consolidated financial statements.

KARTONSAN KARTON SANAYİ VE TİCARET A.Ş.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2023 AND 2022

(Amounts on tables expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	Audited 1 January- 31 December 2023	Audited 1 January- 31 December 2022
Revenue	19	2.480.406.498	6.554.995.815
Cost of Sales (-)	19	(2.941.881.561)	(5.165.683.515)
Gross profit from non-finance sector operations		**(461.475.063)**	**1.389.312.300**
Gross Profit		**(461.475.063)**	**1.389.312.300**
General Administrative Expenses (-)	20	(114.322.280)	(97.193.299)
Marketing Expenses (-)	20	(101.613.526)	(127.248.032)
Other Operating Income	22	116.629.598	241.972.472
Other Operating Expenses (-)	22	(252.611.612)	(140.728.491)
OPERATING PROFIT		**(813.392.883)**	**1.266.114.950**
Gains from Investment Activities	23	171.076.150	299.522.224
Losses from Investment Activities (-)	23	(15.347.868)	(21.468.611)
OPERATING PROFIT BEFORE FINANCIAL INCOME/(EXPENSE)		**(657.664.601)**	**1.544.168.563**
Financial Expenses (-)	24	(53.674.222)	(83.750.970)
Net Monetary Gains/(Losses)		(416.563.539)	(570.707.555)
PROFIT BEFORE TAX		**(1.127.902.362)**	**889.710.038**
Tax income/(expense)	25	**281.262.713**	**(352.010.198)**
- Current period tax expense	25	(12.296.737)	(244.412.615)
- Deferred tax (expense)/income	25	293.559.450	(107.597.583)
PROFIT FOR THE PERIOD FROM CONTIUING OPERATIONS		**(846.639.649)**	**537.699.840**
PROFIT FOR THE PERIOD		**(846.639.649)**	**537.699.840**
Attributable to		**(846.639.649)**	**537.699.840**
-Non-Controlling Interests		(974.553)	775.387
-Equity Holders of the Parent		(845.665.096)	536.924.453
Earnings Per Share	26		
Earnings Per Share from Continuing Operations	26	(11,27553461)	7,15899271
Other Comprehensive Income			
Items not to be reclassified to profit or loss	18	(11.834.892)	(22.366.024)
-Gains/(losses) on remeasurements of defined benefit plans	18	(11.834.892)	(22.366.024)
Other Comprehensive Income		**(11.834.892)**	**(22.366.024)**
Total Comprehensive Income		**(858.474.541)**	**515.333.816**
Attributable to		**(858.474.541)**	**515.333.816**
-Non-Controlling Interests		(974.553)	775.387
-Equity Holders of the Parent		(857.499.988)	514.558.429

The accompanying notes form an integral part of these consolidated financial statements.

KARTONSAN KARTON SANAYİ VE TİCARET A.Ş.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2023 AND 2022
(Amounts on tables expressed in Turkish Lira ("TL") unless otherwise indicated.)

Prior period - 31 December 2022 (Audited)

				Items not to be reclassified to profit or loss		Retained earnings				
	Paid-in share capital	**Adjustment to share capital**	**Share premium**	**Gains/(losses) on remeasurements of defined benefit plans**	**Restricted reserves**	**Prior years' income**	**Profit for the Period**	**Equity holders of the parent**	**Non-controlling interests**	**Total equity**
Balances at 1 January 2022 (Beginning of the period)	**75.000.000**	**580.247.842**	**7.579.137**	**(21.118.134)**	**480.330.362**	**1.207.415.090**	**894.217.352**	**3.223.671.649**	**1.531.778**	**3.225.203.427**
Transfers				-	53.507.032	840.710.320	(894.217.352)	-		-
Total comprehensive income				(14.103.667)			536.924.453	522.820.786	226.778	523.047.564
Dividends paid				-		(444.805.291)		(444.805.291)	(50.691)	(444.855.982)
Balances at 31 December 2022 (End of the period)	**75.000.000**	**580.247.842**	**7.579.137**	**(35.221.801)**	**533.837.394**	**1.603.320.119**	**536.924.453**	**3.301.687.144**	**1.707.865**	**3.303.395.009**

Current period - 31 December 2023 (Audited)

				Items not to be reclassified to profit or loss		Retained earnings				
	Paid-in share capital	**Adjustment to share capital**	**Share premium**	**Gains/(losses) on remeasurements of defined benefit plans**	**Restricted reserves**	**Prior years' income**	**Profit for the Period**	**Equity holders of the parent**	**Non-controlling interests**	**Total equity**
Balances at 1 January 2023 (Beginning of the period)	**75.000.000**	**580.247.842**	**7.579.137**	**(35.221.801)**	**533.837.394**	**1.603.320.119**	**536.924.454**	**3.301.687.145**	**1.707.865**	**3.303.395.010**
Transfers	-	-		-	33.774.299	503.150.155	(536.924.454)	-		-
Total comprehensive income				2.010.944			(845.665.096)	(843.654.152)	(518.744)	(844.172.896)
Dividends paid				-		(73.869.957)		(73.869.957)	-	(73.869.957)
Balances at 31 December 2023 (End of the period)	**75.000.000**	**580.247.842**	**7.579.137**	**(33.210.857)**	**567.611.693**	**2.032.600.317**	**(845.665.096)**	**2.384.163.036**	**1.189.121**	**2.385.352.157**

The accompanying notes form an integral part of these consolidated financial statements.

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

KARTONSAN KARTON SANAYİ VE TİCARET A.Ş.

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2023 AND 2022
(Amounts on tables expressed in Turkish Lira ("TL") unless otherwise indicated.)

		Audited 31 December 2023	Audited 31 December 2022
CASH FLOWS FROM OPERATING ACTIVITIES		**(173.046.765)**	**951.106**
Profit for the period		**(846.639.649)**	**537.699.839**
Profit for the period from continuing operations		(846.639.649)	537.699.839
Adjustments to reconcile profit for the period to cash generated from operating activities		**180.340.228**	**484.262.466**
Depreciation and amortisation	11,12,21	281.824.160	253.515.160
Adjustments for Impairment (Reversal)		**33.309.001**	**15.625.357**
Adjustments for Receivables Impairment (Reversal)		83.761	(12.476.694)
Adjustments for Inventory Impairment (Reversal)		33.225.240	28.102.051
Adjustments for Provisions		**(10.858.165)**	**45.066.031**
Adjustments for Provision for Employee Benefits (Reversal)		(5.960.520)	48.928.246
Adjustment for free provisions for potential risks (Reversal)		-	-
Adjustments for Other Provisions (Reversal)		(4.897.645)	(3.862.215)
Adjustments for interest income and expenses		**33.210.425**	**(18.484.259)**
Adjustments for Interest Income		(28.927.848)	(81.115.890)
Adjustments for Interest Expenses	24	53.674.222	83.750.970
Deferred financial expense arising from term purchases	22	31.274.575	36.987.806
Unearned finance income from term sales	22	(22.810.524)	(58.107.145)
Adjustments for tax income/expense	**25**	(281.262.713)	352.010.198
Adjustments for losses/(gains) on disposal of non-current assets		**(1.300.397)**	**(572.696)**
Adjustments for losses/(gains) on disposal of property, plant and equipment		(1.300.397)	(572.696)
Other adjustments to reconcile profit for the period		125.417.917	(162.897.325)
Changes in working capital		**567.196.177**	**(591.419.780)**
Adjustments for Gains/(Losses) on Trade Receivables		**102.547.107**	**151.237.407**
Related parties		20.459.914	(2.105.898)
Third parties		82.087.193	153.343.305
Adjustments for Gains/(Losses) on Other Receivables Related to Operations		**8.273.359**	**(34.789.986)**
Third parties		8.273.359	(34.789.986)
Adjustments for Gains/(Losses) on Inventories		495.039.032	(574.793.467)
Adjustments for Gains/(Losses) in prepaid expenses		49.071.742	52.034.177
Adjustments for Gains/(Losses) on Trade Payables		**(7.112.500)**	**(41.618.794)**
Related parties		15.711	(25.816)
Third parties		(7.128.211)	(41.592.978)
Adjustments for Gains/(Losses) in payables due to employee benefits		6.750.510	3.012.458
Adjustments for Gains/(Losses) in Other Payables Related to Operations		**(16.355.457)**	**(998.885)**
Related parties		671	(4.556)
Third parties		(16.356.128)	(994.329)
Adjustments for other changes in working capital		**(71.017.616)**	**(145.502.690)**
Changes in other assets related to operations		(71.017.616)	(145.502.690)
Total Cash Flows from Operating Activities		**(99.103.244)**	**430.542.525**
Interest paid		(85.263.145)	(121.227.554)
Interest received		22.798.283	56.771.135
Income taxes refund/(paid)	25	(11.478.659)	(365.135.000)
CASH FLOWS FROM INVESTING ACTIVITIES		**(150.312.608)**	**(222.357.100)**
Cash Inflows from Sale of Property, Plant and Equipment and Intangible Assets		**2.165.915**	**595.260**
Cash Inflows from Sale of Property, Plant and Equipment		2.165.915	595.260
Cash Outflows from Purchase of Property, Plant and Equipment and Intangible Assets		**(208.952.023)**	**(317.610.237)**
Cash Outflows from Purchase of Property, Plant and Equipment	11	(208.948.876)	(314.978.255)
Cash Outflows from Purchase of Intangible Assets	12	(3.147)	(2.631.982)
Repayments of cash advances and debts given		**27.365.162**	**12.951.216**
Repayments from other cash advances and debts given		27.365.162	12.951.216
Interest received		29.108.338	81.706.661
CASH FLOWS FROM FINANCING ACTIVITES		**(206.468.551)**	**(291.272.604)**
Cash outflows from repayments of borrowings		**-**	**(479)**
Cash outflows from repayments of loans		-	(479)
Cash outflows from payments of lease liabilities		(6.865.204)	(8.396.273)
Dividends paid		(199.603.347)	(282.875.852)
NET INCREASE/ DECREASE IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES		**(529.827.924)**	**(512.678.598)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(529.827.924)**	**(512.678.598)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	4	624.868.595	1.137.547.193
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	4	95.040.671	624.868.595

The accompanying notes form an integral part of these consolidated financial statements.

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

NOTE 1 - GROUP’S ORGANISATION AND NATURE OF OPERATIONS

Kartonsan Karton Sanayi ve Ticaret Anonim Şirketi (the “Company” or “Kartonsan”) was established in 1967 in Turkey. Karstonsan’s business activities include production and trade of coated cardboard. Kartonsan is subject to regulations of the Capital Markets Board (the “CMB”), and its shares have been quoted on the Borsa Istanbul (“BIST”) since 1985. The shares that are quoted on BIST are traded on the star market. Kartonsan’s free float percentage is 21.86%, and the Company’s ultimate controlling party is the “PAK Group” through the PAK family members (Note 18).

The registered address of Kartonsan is as follows:

Prof. Dr. Bülent Tarcan Cad. No:5 Engin Pak İş Mrk. Kat: 3 Gayrettepe/İSTANBUL

The Company’s head office is in Istanbul and has a factory in Kullar Koyu 41001 in Kocaeli.

As of 31 December 2023 and 2022, the subsidiaries included in the consolidation scope of Kartonsan, their nature of business and effective interests are as follows:

		Effective ownership interest	
Subsidiares	**Nature of business**	**31 December 2023**	**31 December 2022**
Selka İç ve Dış Ticaret A.Ş. (“Selka”)	Coated cardboard trade	99.37%	99.37%
Dönkasan Dönüştürülen Atık Kağıt San. ve Tic. A.Ş. (“Dönkasan”)	Waste paper production and trade	100.00%	100.00%

The accompanying consolidated financial statements and related notes of the Company and its subsidiaries together hereinafter referred as the “Group”.

Total end of period and average number of personnel employed by Kartonsan except for subcontractors is 285 (31 December 2022: 301).

These consolidated financial statements as of and for the year ended 31 December 2023 have been approved for issue by the Board of Directors (“BOD”) on 4 June 2024 and numbered YK/2024-11 and on behalf of the Board of Directors which was signed by the Member of the Board of Directors and General Manager Haluk Iber and Chairman of the Board Ünal Bozkurt.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of presentation

2.1.1 Financial reporting standards

The accompanying consolidated financial statements of the Group have been prepared in accordance with Turkish Financial Reporting Standards (“TFRS”) promulgated by the Public Oversight Accounting and Auditing Standards Authority (“POA”) that are set out in the 5th article of the communiqué numbered II-14.1 “Communiqué on the Principles of Financial Reporting In Capital Markets” (“the Communiqué”) announced by the Capital Markets Board (“CMB”) on 13 June 2013 and published in Official Gazette numbered 28676. Turkish Accounting Standards (“TASs”) include Turkish Financial Reporting Standards (“TFRS”) and additions and interpretations (“TAS/TFRS”) related to them.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.1.1 Financial reporting standards (continued)

The accompanying consolidated financial statements have been prepared in accordance with Communiqué No: II-14.1 and consolidated financial statements and notes are presented in accordance with the formats required by the CMB dated on 7 June 2013. In addition, the consolidated financial statements were published by POA with the decision numbered 30 on 2 June 2016 and together with the changes in TFRS 15 “Revenue from Contracts with Customers” and TFRS 16 “Leases” standards, it was presented in accordance with the “Announcement regarding to TAS Taxonomy”, or “TFRS 2019” which was published on 15 April 2019.

As of 31 December 2023, the Group has prepared its consolidated financial statements with the assumption on the Group’s ability to continue its operations in the foreseeable future as a going concern basis of accounting.

2.1.1.1 Adjustments of financial statements in hyperinflationary periods

Financial reporting in hyperinflationary economies

In accordance with the CMB's resolution number 81/1820 on 28 December 2023, issuers and capital market institutions subject to financial reporting regulations applying Turkish Accounting/Financial Reporting Standards are required to apply inflation accounting by applying the provisions of TAS 29 beginning with the annual financial statements for the accounting periods ending on 31 December 2023.

Based on the announcement made by Public Oversight, Accounting and Auditing Standards Authority “(POA”) on 23 November 2023, entities applying Turkish Financial Reporting Standards (“TFRSs”) are required to present their financial statements by adjusting for the material influence of inflation for the comparative annual reporting period ending on or after 31 December 2023 and opening balances starting from 1 January 2023, in accordance with the accounting principles specified in TAS 29.

In accordance with the aforementioned disclosures, while preparing the consolidated financial statements for the year ended 31 December 2023, 2022 and 2021, the Group applied inflation accounting and relevant adjustments in accordance with TAS 29.

Accordingly, the financial statements and relevant amounts for prior periods have been restated for changes in the general purchasing power of the functional currency. Thus, those financial statements and relevant amounts are expressed in the measuring unit effective at the end of the reporting period in accordance with TAS 29.

In accordance with TAS 29 “Financial Reporting in Hyperinflation Economies” which requires entities whose functional currency is that of a hyperinflationary economy to prepare their financial statements in terms of the measuring unit current at the end of the reporting period. In a hyperinflation economy, it is not meaningful and useful to report operating results and financial position in the local currency without adjustment. Money loses its purchasing power in such a proportion that comparing the amounts of transactions or other events that occurred at different times is misleading, even in the same accounting period. Hyperinflation is determined by a country's economic characteristics, including, but not limited to considering the cumulative inflation rate over three years approaches, or exceeds, 100%.

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.1.1.1 Adjustments of financial statements in hyperinflationary periods (continued)

Accordingly, the financial statements as of and for the year ended 31 December 2023 are presented after being adjusted for the effect of inflation in accordance the accounting principles specified in TAS 29.

The restatement in accordance with TAS 29 has been made by using the adjustment factor derived from the Consumer Price Index ("CPI") in Turkey published by the Turkish Statistical Institute ("TURKSTAT"). As of 31 December 2023, the indices and adjustment factors used in the restatement of the financial statements are as follows:

Date	Index	Adjustment coefficient	Three-year cumulative inflation rates
31.12.2023	1.859,38	1.00000	268%
31.12.2022	1.128,45	1.64773	156%
31.12.2021	686,95	2.70672	74%

The main components of the Group's restatement for financial reporting purposes in hyperinflationary economies are as follows:

- As of the balance sheet date, all items other than those stated in terms of current purchasing power are restated by using the relevant price index coefficients. Prior year amounts are also restated in the same way.

- Monetary assets and liabilities are expressed in terms of the purchasing power at the balance sheet date and are therefore not subject to restatement. Monetary items are cash and items to be received or paid in cash.

- Non-current assets, subsidiaries and similar assets are indexed to their acquisition costs, which do not exceed their market values. Depreciation has been adjusted in a similar manner. Amounts included in equity have been restated by applying general price indices for the periods in which they were contributed to or arose within the Group.

- All items in the statement of profit or loss, except for the effects of non-monetary items in the statement of financial position and in the statement of profit or loss, have been restated by applying the multiples calculated over the periods when the income and expense accounts were initially recognised in the consolidated financial statements.

- The gain or loss arising on the net monetary position as a result of general inflation is the difference between the adjustments to non-monetary assets, equity items and profit or loss accounts. This gain or loss on the net monetary position is included in net profit.

The material influence and impact of the application of inflation accounting in accordance with TAS 29 are summarised below:

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.1.1.1 Adjustments of financial statements in hyperinflationary periods (continued)

Restatement of the Statement of Financial Position

Amounts in the statement of financial position that are not expressed in terms of the measuring unit current at the end of the reporting period are restated. Accordingly, monetary items are not restated because they are expressed in the currency of the reporting period. Non-monetary items are required to be restated unless they are expressed in terms of the currency in effect at the end of the reporting period.

The gain or loss on the net monetary position arising from restatement of non-monetary items is recognised in profit or loss and presented separately in the statement of comprehensive income.

Restatement of the Statement of Profit or Loss

All items in the statement of profit or loss are expressed in terms of the measuring unit current at the end of the reporting period. Therefore, all amounts have been restated by applying changes in the monthly general price index.

Cost of inventories sold has been restated using the restated inventory balance. Depreciation and amortisation charges have been restated using the restated balances of property, plant and equipment, intangible assets and right-of-use assets.

Restatement of Statement of Cash Flows

All items in the statement of cash flows are expressed in terms of the measuring unit current at the end of the reporting period.

Consolidated financial statements

The financial statements of a subsidiary whose functional currency is the currency of a hyperinflationary economy are restated by applying the general price index before they are included in the consolidated financial statements prepared by the parent company.

Subsidiaries of the Group whose functional currency is other than Turkish Lira have been translated to the purchasing power of 31 December 2023. If financial statements with different reporting period endings are subject to consolidation, all items, whether monetary or non-monetary, are restated according to the measuring unit in effect at the date of the consolidated financial statements.

Comparative figures

Relevant figures for the prior reporting period are restated by applying the general price index so that the comparative financial statements are presented in the measuring unit applicable at the end of the reporting period. Information disclosed for prior periods is also expressed in terms of the measuring unit current at the end of the reporting period.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.1.2 Functional and reporting currency

Items included in the consolidated financial statements of the Kartonsan are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in TL, which is Kartonsan's functional and presentation currency

2.1.3 Comparatives and adjustment of prior period financial statements

The current period consolidated financial statements of the Group include comparative financial information to enable the determination of the trends in financial position and performance. Comparative figures are reclassified, where necessary, to conform to the changes in the presentation of the current period consolidated financial statements.

2.1.4 Consolidation

<u>Basis of consolidation</u>

The consolidated financial statements include Group accounts prepared in accordance with the principles set out in the following basics. Necessary adjustments and reclassifications have been made for compliance with CMB Financial Reporting Standards and compliance with accounting policies and presentation formats applied by the Group during the preparation of the consolidated financial statements of the companies included in the scope of consolidation. The operating results of the subsidiaries and joint ventures are included or excluded from the effective dates of such transactions in accordance with the purchase or disposal procedures.

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.1.4 Consolidation (continued)

Subsidiaries

Subsidiary is company over which Kartonsan has the power to control the financial and operating policies for the benefit of Kartonsan, either (a) through the power to exercise more than 50% of voting rights relating to the shares in the companies as a result of the ownership interest owned directly and indirectly by itself, and/or by certain Kartonsan members and companies owned by them where by Kartonsan exercises control over the ownership interest of the shares held by them and shares to be used according to Kartonsan preferences; or (b) although not having the power to exercise more than 50% of the ownership interest, Kartonsan has power to control the investee due to the dispersed capital structure of the investee and/or Kartonsan has rights or is exposed to variable returns from its involvement with the investee and when at the same time it has the power to affect these returns through its power over the investee.

The statements of financial position and profit or loss of the Subsidiaries are consolidated on a line-by-line basis and the carrying value of the investment held by Kartonsan and its Subsidiaries is eliminated against the related equity in accordance with the full consolidation method. Intercompany transactions and balances between Kartonsan and its Subsidiaries are eliminated during the consolidation. The nominal amount of the shares held by Kartonsan in its Subsidiaries dividends are eliminated from equity and income for the period, respectively. Subsidiaries are consolidated from the date on which the control is transferred to the Group and are no longer consolidated from the date that the control ceases. Non-controlling shares in the net assets and operating results of Subsidiaries are separately classified in the consolidated statement of financial position and profit or loss as “non-controlling interests”.

As of 31 December 2023 and 2022, the subsidiaries included in the consolidation scope of Kartonsan is as follows:

Current period - (31.12.2023):

Subsidiaries	Share capital	Inflation-adjusted share capital	Proportion of effective interest	Direct and indirect ownership interest held by Kartonsan	Effective ownership interest
Selka İç ve Dış Ticaret A.Ş.	1.250.000	138.801.773	99.37%	99,37%	99.37%
Dönkasan Dönüştürülen Atık Kağıt San ve Tic. A.Ş.	4.000.000	67.633.786	100.00%	100,00%	100.00%

Prior period - (31.12.2022):

Subsidiaries	Share capital	Inflation-adjusted share capital	Proportion of effective interest	Direct and indirect ownership interest held by Kartonsan	Effective ownership interest
Selka İç ve Dış Ticaret A.Ş.	1.250.000	138.801.773	99.37%	99,37%	99.37%
Dönkasan Dönüştürülen Atık Kağıt San ve Tic. A.Ş.	4.000.000	67.633.786	100.00%	100,00%	100.00%

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.1.5 Significant accounting judgements, estimates and assumptions

The preparation of the consolidated financial statements requires management to make estimates and assumptions that are reflected in the measurement of income and expense in the statement of profit or loss and in the carrying value of assets and liabilities in the statement of financial position, and in the disclosure of information in the notes to the financial statements. Managements do exercise judgment and make use of information available at the date of the preparation of the financial statements in making these estimates. The actual future results from operations in respect of the areas where these judgments and estimates have been made may in reality be different than those estimates.

The key assumptions concerning the future and other key resources of estimation at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year and the significant judgments (apart from those involving estimations) with the most significant effect on amounts recognized in the consolidated financial statements are as follows:

Deferred tax assets

The Group has been recognized of deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported and its financial statements prepared in accordance with Turkish Accounting Standards (“TAS”). The Group has deferred tax assets resulting from unused tax losses and deferred tax assets resulting from deductible temporary differences arising from investment incentives that can be deducted from future profits. During the recognition the deferred tax assets, it has been taken into consideration the future profit projections and the last dates of the losses that occurred in the current period that can be used (Note 25). Where the final tax consequences of this matter are different from the amounts initially recognised, these differences may have a material influence on the income tax and deferred tax assets and liabilities in the period in which they are determined.

Reduced corporate tax application

As disclosed in the Note 13, the Group, as a result of the evaluation, by stipulating that the reduced corporate income tax may be utilized in the current period and in the subsequent periods within the framework of Article 32/A of the Corporate Tax Law No. 5520, has calculated the deferred tax assets in TL amount corresponding to 15% of the total investment expenditures within the scope of incentives, of which the details are shown below and has included in the consolidated financial statements (Note 25). Completion examination of incentive certificate was completed in April 2018. Total investment expenditure is amounting to TL 139.662.402.

	31 December 2023 Deferred Tax Assets	31 December 2022 Deferred Tax Assets
Beginning of the period – 1 January	**66.782.691**	**33.471.316**
Investment Discount Indexing	39.041.161	41.146.290
Spending Amount/Adjustment	-	-
Utilized as Tax Discount	-	(7.834.915)
End of the period – 31 December	**105.823.852**	**66.782.691**

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.1.5 Significant accounting judgements, estimates and assumptions (continued)

In 2018, the Group filed an application to the Ministry of Industry and Technology in order to modernize its production facilities and to link some investments, which were made intended for continuance of the facilities activities, to the "Investment Incentive Certificate". As a result of the application and a subsequent application filed for amendment thereof, the final certificate of the investment incentive numbered B137821 dated 18 October 2018 has been issued. The following government grants and incentives have been provided for the investment that is to be made pursuant to the incentive certificate.

- Investment Period: 09.04.2018-09.10.2022
- VAT Exemption
- Customs Duty Exemption
- Tax Deduction Rate: 50%, Investment Contribution Rate: 15% (In accordance with the relevant Turkish tax legislation, tax deduction rate was applied as 100% and investment contribution rate was applied as 30% accordingly for the expenditures of the Group for the period between 2017-2022).

The total sum of expenditures envisaged to be incurred pursuant to the incentive certificate numbered B137821 on 18 October 2018 is equivalent of TL 130.138.000 whereas the sum of expenditures having been incurred during the period is equivalent of TL 115.791.487. The Group has been benefited from aforementioned government grants regarding the expenditures and the tax exemption amounting to TL 34.737.446 on corporate tax. Incentive certificate has expired during the period and the Group will make an application to the "Republic of Türkiye Ministry of Economy, Directorate of Incentive Implementation and Foreign Investment" for the investment incentive certificate in April 2023.

2.2 Changes in accounting policies

Whether there are changes and errors in accounting policies and accounting estimates, the amended significant changes and the identified significant accounting errors are implemented retrospectively and the prior period consolidated financial statements of the Group are adjusted.

2.3 Changes in accounting estimates and errors

Changes realised in the accounting policies and adjusments regarding accounting errors are applied retrospectively to period profit or loss and prior year financial statements are restated are as follows:

- If changes in accounting estimates and errors are for only one period, changes are applied in the current year,
- If the estimated changes affect the following periods, changes are applied both on the current and following years prospectively.

The significant estimates used during the preparation of the consolidated financial statements for the period 1 January - 31 December 2023 are consistent with the estimates used in the preparation of the consolidated financial statements for the period 1 January - 31 December 2022. If any material changes in accounting policies or material errors are corrected, changes are applied retrospectively by restating the prior period consolidated financial statements.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.4 Summary of significant accounting policies

Offsetting

Financial assets and liabilities are offset, and the net amount is recognised in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Revenue recognition

TFRS 15 has developed a comprehensive framework to determine when and at what amount the proceeds will be recognized and replaces the TAS 18 "Revenue", TAS 11 "Construction Contracts" and related interpretations. The new standard replaces the guidance on existing TFRSs; regulates the principles that will be applied by the entity in reporting the financial statements to the users of the financial statements about the nature, amount, timing and uncertainty of the contract revenue and cash flows. The basic principle of the standard is that the entity reflects the proceeds to the financial statements from an amount that reflects the cost that the Group expects to qualify for the transfer of the goods or services it commits to its customers.

Revenue is accounted for in the consolidated financial statements within the scope of the five-step model below.

- Identification of customer contracts,
- Identification of performance obligations,
- Determination of the transaction price in the contracts,
- Allocation of transaction price to the performance obligations,
- Recognition of revenue when the performance obligations are satisfied.

In accordance with TFRS 15, when the entity fulfills its operating obligations, in other words, the control of the goods or services specified in a performance obligation is transferred to the customer; the revenue is recognized in the financial statements. TFRS 15 provides more guidance on more specific scenarios. In addition, TFRS 15 requires more comprehensive disclosures. Subsequent disclosures related to TFRS 15 include the assessment of the entity became principal or proxy and entity's application for licensing.

Inventories

The Group's inventories consist of raw materials, chemical materials, operating materials and scrap paper and finished goods inventories include ready-made coated cardboard inventories.

Inventories are valued at the lower of cost or net realisable value. Cost of inventories include all purchasing costs, covering costs and other costs incurred to make the inventories ready to sell. Cost elements included in inventories are materials, labour and an appropriate amount of factory overheads. Those costs also include systematically distributed costs from fixed and variable general production expenses incurred in covering direct raw material to the goods.

The cost of inventories is determined by the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses (Note 9).

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.4 Summary of significant accounting policies (continued)

Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and impairment and reflected to the consolidated financial statements.

The depreciation rates for property, plant and equipment, which approximate the economic useful lives of such assets, are as follows:

Type	2023 Rate (%)	2022 Rate (%)
Buildings	2 – 2.5	2 – 2.5
Land improvements	4 – 6.67	4 – 6.67
Plant, machinery and equipment	6.67 - 25	6.67 - 25
Furniture and fixtures	20 - 33	20 - 33
Motor vehicles	20 - 25	20 - 25
Leasehold improvements	20	20
Other property, plant and equipment	10 - 20	10 - 20

Gains or losses on disposals of property, plant and equipment are determined by comparing proceeds with their net carrying amounts and are classified under “gains and losses from investing activities” in the current period. Repairs and maintenance expenses are charged to the statement of profit or loss during the period in which they are incurred. Machinery and equipment are capitalised and amortised when their capacity is fully available for use (Note 11).

Intangible assets

Intangible assets include acquired software rights, and they are initially recognized at acquisition cost. Intangible assets are carried at cost less accumulated amortization and impairment, if any. These assets are amortized using the straight-line basis over their estimated useful lives. The estimated depreciation rate is between 20% and 33%. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being recognized for on a prospective basis. (Note 12).

Impairment of assets

The carrying amounts of the Group’s assets are reviewed at each reporting date and (for assets with indefinite useful lives, whenever there is an indication of impairment) to determine whether there is any indication of impairment. If any such indication exists then the assets’ recoverable amounts are estimated. An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. Value in use is the present value of estimated future cash flows resulting from continuing use of an asset and from disposal at the end of its useful life. Impairment losses are accounted in profit or loss. The cash-generating unit represents the smallest group of identifiable assets whose cash inflows are substantially independent of other assets or asset groups.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.4 Summary of significant accounting policies (continued)

An impairment loss recognized in prior periods for an asset is reversed if the subsequent increase in the asset's recoverable amount is caused by a specific event since the last impairment loss was recognized. Such a reversal amount is recognized as income in the consolidated financial statements and cannot exceed the previously recognized impairment loss and shall not exceed the carrying amount that would have been determined, net of amortization or depreciation, had no impairment loss been recognized for the asset in the current and prior periods.

Leases

Group - as a lessee

At inception of a contract, the Group assesses whether the 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.

Group considers following indicators for the assessment of whether a contract conveys the right to control the use of an identified asset for a period of time or not:

(a) The contract includes an identified asset (contract includes a definition of a specified asset explicitly or implicitly),

(b) A capacity portion of an asset is physically distinct or represents substantially all of the capacity of an asset (if the supplier has a substantive right to substitute the asset and obtain economic benefits from use of the asset, then the asset is not an identified asset),

(c) Group has the right to obtain substantially all of the economic benefits from use of the identified asset,

(d) Group has the right to direct the use of an identified asset

The Group concludes to have the right of use, when it is predetermined how and for what purpose the Group will use the asset. The Group has the right to direct the use of the asset throughout the period of use only if either:

a) Group has the right to direct how and for what purpose the asset is used throughout the period of use or
b) Relevant decisions about how and for what purpose the asset is used are predetermined:

i. Group has the right to operate the asset (or to direct others to operate the asset in a manner that it determines) throughout the period of use, without the supplier having the right to change those operating instructions; or
ii. Group designed the asset (or specific aspects of the asset) in a way that predetermines how and for what purpose the asset will be used throughout the period of use.

Group recognises a right-of-use asset and a lease liability at the commencement date of the lease following the consideration of the above mentioned factors.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.4 Summary of significant accounting policies (continued)

Leases (continued)

Right-of-use asset

At the commencement date, the Group measures the right-of-use asset and lease liability at cost. The cost of the right-of-use asset comprises:

a) The 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 Group, and

d) An estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease (unless those costs are incurred to produce inventories)

The Group is liable for these costs starting from the date the lease actually begins or as a result of using the underlying asset for a certain period of time.

When applying the cost model, Group measures the right-of-use asset at cost:

a) Less any accumulated depreciation and any accumulated impairment losses; and

b) Adjusted for any remeasurement of the lease liability.

The Group applies the depreciation requirements in TAS 16 “Property, Plant and Equipment” in depreciating the right-of-use asset. In the event that the supplier transfers the ownership of the underlying asset to the Group at the end of the lease term or if the cost of use rights indicates that the Group will use a purchase option, the Group depreciates the right of use asset from the effective date of the lease to the end of the useful life of the underlying asset. In other cases, the Group depreciates the right of use assets on the basis of the shorter of the useful life or the lease term of the asset, starting from the effective date of the lease.

The Group applies TAS 36 “Impairment of Assets” 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 Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted by using the interest rate implicit in the lease, if that rate can be readily determined, or by using the Group’s incremental borrowing rate.

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) Fixed payments, less any lease incentives receivable,

b) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date,

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.4 Summary of significant accounting policies (continued)

Leases (continued)

Lease liability **(continued)**

c) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

d) Payments of penalties for terminating the lease, if the lease term applied to the lease reflects the Group exercising an option to terminate the lease

After the commencement date, the Group measures 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. The Group recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

The interest on the lease liabilities for each period in the lease term is the amount found by applying a fixed periodic interest rate to the remaining balance of the lease liabilities. The periodic interest rate, if easily determined, is the implied interest rate on the lease. If this rate cannot be easily determined, the Group uses the Group's incremental borrowing interest rate.

After the effective date of the lease, the Group remeasures the lease liabilities to reflect changes in lease payments. The Group reflects the remeasurement amount of the lease liabilities to the consolidated financial statements as an adjustment to the right of use assets.

The Group remeasures its lease liabilities by deducting the adjusted lease payments at a revised discount rate if either of the following conditions occurs:

(a) A change in the lease term. The Group determines adjusted lease payments based on the adjusted lease term.

(b) A change in these payments as a result of an index or rate change used to determine future lease payments. The Group remeasures the lease liabilities to reflect the adjusted lease payments only when there is a change in cash flows.

The Group determines the revised discount rate for the remainder of the lease term as the implied interest rate of the lease if it can easily be determined, or otherwise as the alternative borrowing interest rate of the Group as of the date of re-evaluation.

The Group remeasuring the lease liability by reducing the revised lease payments if any of the following conditions occur:

(a) Changes in amounts expected to be paid under a commitment regarding residual values. The Group determines the revised lease payments to reflect any change in the amounts expected to be paid within the context of the commitment regarding residual values.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.4 Summary of significant accounting policies (continued)

Leases (continued)

Lease liability **(continued)**

(b) Changes in future rental payments as a result of a change in an index or rate that is used to determine such payments. The Group re-measures the lease liability to reflect these revised lease payments only when there is a change in its cash flows.
The Group determines the adjusted lease payments for the remaining lease term based on the adjusted contractual payments. In this case, the Group uses an unchanged discount rate.

The Group recognizes the restructuring of the lease as a separate lease if both of the following conditions are met:

(a) The restructuring shall extend the scope of the lease by adding the right of use on one or more underlying assets; and

(b) The increase in the lease amount by the appropriate price adjustment to reflect the price of the increase alone and the terms of the relevant contract.

Foreign currency translation

Foreign currency transactions are translated into Turkish Lira using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Turkish Lira using the exchange rates at the balance sheet date. Foreign exchange gains or losses arising from the settlement and translation of foreign currency items have been included in the consolidated statement of profit or loss.

Earnings per share

Earnings per share disclosed in the consolidated statement of profit or loss are determined by dividing net income attributable to equity holders of the parent by the weighted average number of shares outstanding during the period concerned.

In Turkey, companies can increase their share capital through a pro-rata distribution of shares (“bonus shares”) to existing shareholders from retained earnings and inflation adjustment to equity. For the purpose of earnings per share computations, the weighted average number of shares in existence during the period has been adjusted in respect of bonus share issues without a corresponding change in resources, by giving them retroactive effect for the period in which they were issued and each earlier period as if the event had occurred at the beginning of the earliest period reported (Note 26).

Events after the reporting period

Events after the reporting period are those events, favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue. The two types of events are those that provide evidence of conditions that existed at the end of the reporting period (adjusting events); and those that are indicative of conditions that arose after the reporting period (non-adjusting events). The Group adjusts the amounts recognised in its consolidated financial statements to reflect adjusting events, but it does not adjust those amounts to reflect non-adjusting events (Note 30).

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.4 Summary of significant accounting policies (continued)

Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Contingent liabilities are consistently reviewed prior to the probability of any cash out-flow. In case of the cash outflow is probable, provision is allocated in the consolidated financial statements of the year the probability of contingent liability accounts is changed. A provision is recognized when the Group has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and reliable estimate can be made for the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the date of statement of financial position, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount of provision shall be the present value of the expenditures expected to be required to settle the obligation. The discount rate reflects current market assessments of the time value of money and the risks specific to the liability. The discount rate shall be a pre-tax rate and shall not reflect risks for which future cash flow estimates have been adjusted.

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group are not included in the consolidated financial statements and treated as contingent assets or liabilities.

The amount to be collected in the event that all or part of the economic benefits used to pay the employment termination benefits are expected to be met by third parties. Employment termination benefits is accounted for as an asset if the repayment of the amount is determinable and the amount is measured reliably (Note 14 and 15).

Related parties

For the purpose of these consolidated financial statements, shareholders, parents of Kartonsan Anonim Şirketi, key management personnel and Board of Directors members, their close family members and the legal entities over which these related parties exercise control and significant influence, are considered and expressed as “related parties”. The transactions with the related parties from ordinary operations that are occurred in accordance with the market conditions are disclosed in Note 5.

Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable (Note 13).

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.4 Summary of significant accounting policies (continued)

Taxes on income

Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis. Income tax expense (or income) is the sum of the current tax expense and the deferred tax expense (or income).

Current tax

Current year tax liability is calculated over the taxable profit for the period. Taxable profit differs from profit as recognised in the statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it excludes items that cannot be taxed or deducted. The Group's liability for current tax is calculated using legal statuory tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax assets and liabilities are determined by calculating the temporary differences between the amounts shown in the consolidated financial statements and the amounts considered in the statutory tax base in accordance with the balance sheet method. Deferred tax liabilities are recognized for all taxable temporary differences, whereas deferred tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized. Deferred tax liability or asset is not calculated in respect of temporary timing differences arising from the initial recognition of assets or liabilities other than goodwill or business combinations and which do not affect both commercial and financial profit /loss.

Deferred tax liabilities are calculated for all taxable temporary differences related to the investments in subsidiaries and associates and shares in joint ventures, except in cases where the Group is able to control the discontinuation of temporary differences and in the near future it is unlikely that such difference will be eliminated. Deferred tax assets resulting from taxable temporary differences related to such investments and shares are calculated on the condition that it is highly probable that future taxable profit will be available and that it is probable that future differences will be eliminated.

The carrying amount of the deferred tax asset is reviewed at each balance sheet date. The carrying amount of a deferred tax asset is reduced to the extent that it is no longer probable that financial profit will be available to allow the benefit of some or that entire amount.

Deferred tax assets and liabilities are calculated over the tax rates that are expected to be valid in the period when the assets are realized or the liabilities are fulfilled and legalized or substantially legalized as of the balance sheet date (tax regulations). During the calculation of deferred tax assets and liabilities, the tax consequences of the methods that the Group expects to recover or settle the carrying amount of the assets as of the balance sheet date are taken into consideration

Deferred tax assets and liabilities are recognized when there is a legal right to offset current tax assets and current tax liabilities, or if such assets and liabilities are associated with the income tax collected by the same tax authority, or if the Group intends to pay off the current tax assets and liabilities (Note 25).

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.4 Summary of significant accounting policies (continued)

Current and deferred tax for the period

The deferred tax, other than those directly attributable to debt or liability recognized in equity (in which case deferred tax is recognized directly in equity) or deferred tax, other than those arising from initial recognition of business combinations, is recognized as income or expense in the statement of profit or loss. In business combinations, the tax effect is taken into consideration in the calculation of goodwill or in determining the part of the purchaser that exceeds the acquisition cost of the share of the acquiree's identifiable assets, liabilities and contingent liabilities in the fair value.

The taxes included in the consolidated financial statements include current period tax and the change in deferred taxes. The Group calculates current and deferred tax on the results for the period.

Offsetting in tax assets and liabilities

The amount of corporate tax payable is netted because it is related to prepaid corporate tax amounts. Deferred tax assets and liabilities are also offset in the same way (Note 25).

Provision for employment termination benefits

The provision for employment termination benefits, as required by Turkish Labour Law represents the present value of the future probable obligation of the Group arising from the retirement of its employees based on the actuarial projections.

TAS 19 “Employee Benefits” requires actuarial assumptions (net discount rate, turnover rate to estimate the probability of retirement etc.) to estimate the entity’s obligation for employment termination benefits. The effects of differences between the actuarial assumptions and the actual outcome together with the effects of changes in actuarial assumptions compose the actuarial gains/(losses) and recognised under other comprehensive income (Note 16).

Statement of cash flow

Cash and cash equivalents are carried at cost in the consolidated statement of financial position. The cash and cash equivalents comprises cash on hand, bank deposits and highly-liquid investments. Cash flows during the period are classified and reported by operating, investing and financing activities in the cash flow statements (Note 4).

Investment properties

The Group’s investment properties include lands.

Land and buildings that are held for rental yields or for capital appreciation or both rather than held in the production or supply of goods or services or for administrative purposes or for the sale in the ordinary course of business are classified as “investment property” and carried at cost in the consolidated financial statements.

In the event that investment properties are not used or sold, they are written-off the from the statement of financial postion. Gains or losses arising from the disposal of investments properties are recognized in the consolidated statement of profit or loss (Note 10).

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.4 Summary of significant accounting policies (continued)

Capital and dividends

Common shares are classified as equity. Dividends on ordinary shares are recognized in equity less retained earnings in the period in which they are declared (Note 18).

Financial instruments

Financial assets

The Group classifies and recognizes with taking into consideration the business model in which they are managed and the contractual cash flow characteristics within the scope of TFRS 9 – Financial Instruments" as "Financial Assets at Fair Value Through Profit or Loss", "Financial Assets at Fair Value Through Other Comprehensive Income" and "Financial Assets at Amortized Cost" as of 1 January 2018.

Financial assets are recognized or derecognized in accordance with the provisions of TFRS 9, "Inclusion in Financial Statements and Exclusion of Financial Statements". The Group only recognizes a financial asset when it becomes party to the contractual provisions of the instrument. Financial assets are measured at their fair values when they are initially included in the consolidated financial statements.

a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss; are financial assets held for trading and not acquired for trading purposes but recognized in this category at initial recognition. When a financial asset is acquired for the purpose of disposal in the short term, it is classified in that category. Derivative financial instruments which are not designated as effective hedging instruments are also classified as financial assets at fair value through profit or loss. Financial assets are carried at fair value and any gains or losses arising from the valuation are recognized in profit or loss.

b) Financial assets at amortized cost

"Financial assets at amortised cost", are non-derivative assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets carried at amortised cost are measured at their fair value at initial recognition and by effective interest rate method at subsequent measurements. Gains and losses on valuation of non-derivative financial assets at amortised cost are accounted for under the statement of profit or loss.

c) Financial assets at fair value through other comprehensive income

"Financial assets at fair value through other comprehensive income" are assets that are either equity securities or debt securities. The Group measures related financial assets at fair value. Gains or losses on a financial asset at fair value through other comprehensive income is recognised in other comprehensive income, except for foreign exchange gains and losses. When an equity security is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified to retained earnings. When a debt security is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified to profit or loss.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.4 Summary of significant accounting policies (continued)

Financial instruments(continued)

Subsequent valuation of financial assets at fair value through other comprehensive income is carried at fair value. However, if the fair value cannot be determined reliably, for those with a fixed maturity, discounted price is calculated using the internal rate of return method; For those who do not have a fixed maturity, fair value is valued using pricing models or discounted cash flow techniques. Unrealized gains or losses arising from changes in the fair values of financial assets at fair value through other comprehensive income and expressing the difference between the amortized cost and fair value of the securities calculated using the effective interest method, are included in the "Revaluation Surplus" which is recognized in equity. When the financial assets at fair value through profit or loss are disposed of, the value in equity resulting from the application of fair value is reflected to the period profit / loss.

Trade receivables

The Group recognizes its trade receivables at their fair values on the initial recognition date and they are carried at amortized cost using the effective interest method in the subsequent reporting periods.

In the current period, in accordance with the TFRS 9 – "Financial Instruments", the Group allocates provision for expected credit losses from the expected amortization costs or financial assets at fair value through other comprehensive income.

Group has adopted "three stage approach (general model)" defined in TFRS 9 for the recognition of impairment losses on receivables from finance sector operations, carried at amortised cost or carried at fair value through other comprehensive income. General model considers the changes in the credit quality of the financial instruments after the initial recognition. Three stages defined in the general model are as follows:

"Stage 1", includes financial instruments that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date. For these assets, 12-month expected credit losses ("'ECL'") are recognised and interest revenue is calculated on the gross carrying amount of the asset (that is, without deduction for credit allowance). 12-month ECL are the expected credit losses that result from default events that are possible within 12 months after the reporting date and represents the credit loss on an asset weighted by the probability that the loss will occur in the next 12 months

"Stage 2", includes financial instruments that have had a significant increase in credit risk since initial recognition but those do not have objective evidence of impairment. For these assets, lifetime expected credit losses are recognised and interest revenue is calculated on the gross carrying amount of the asset. Lifetime ECL are the expected credit losses that result from all possible default events over the expected life of the financial instrument.

- Less than 90 days, more than 30 days delay
- Loan restructuring
- Significant deterioration of the probability of default

In the event of a significant deterioration in the probability of default, a significant increase in credit risk is considered and the financial asset is classified in stage 2.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.4 Summary of significant accounting policies (continued)

Trade receivables (continued)

“Stage 3”, includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime expected credit losses are recognised. Group appropriately classifies its financial instruments considering common risk factors (such as the type of the instrument, credit risk rating, guarantees, time to maturity and sector) to determine whether the credit risk on a financial instrument has increased significantly and to account appropriate amount of credit losses in the consolidated financial statements.

- Over 90 days delay
- Determination of the weakness of the credit worth, the weakness of the credit or the uncollectability of the credit or having a precise opinion on this matter

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and other short-term highly liquid investments with their maturities equal or less than three months from date of acquisition that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

(ii) Financial liabilities

The Group’s financial liabilities and equity instruments are classified according to the contractual agreements entered into and the definition of financial liability and equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all the liabilities. Accounting policies determined for the financial liabilities and the financial instruments based on equity are explained below. Financial liabilities are classified as either “Financial Liabilities at fair value through profit or loss” or “Other financial liabilities”.

a) Financial liabilities at fair value through profit or loss

“Financial liabilities at fair value through profit or loss” are recognized at their fair value and are re-evaluated at the end of each balance sheet date. Changes in fair values are recognized recognized in the consolidated statement of profit or loss. Net gains and/or losses recognized in the consolidated statement of profit or loss also include interest payments made for these financial liabilities.

b) Other financial liabilities

Other financial liabilities are initially recognized at their fair value less transaction costs.

Other financial liabilities are recognized over their amortized costs using the effective interest method and with interest costs calculated over effective interest rate in subsequent periods.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

2.4 Summary of significant accounting policies (continued)

Trade receivables (continued)

The effective interest method is the calculation of the amortized costs of the financial liabilities and the distribution of the related interest expenses to related periods. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period to the net present value of the financial liability.

The Group has no other financial liabilities in the current and prior period.

(iii) Derivative financial instruments

Derivative financial instruments are initially recognized at fair value and are subsequently remeasured at their fair value. The fair value of derivative financial instruments measured at fair value and associated with the consolidated profit or loss is calculated by reference to the market interest rates valid for the rest of the contract for the relevant currency for the relevant period, by comparison with exchange rate. Derivatives are recognised as assets or liabilities in the consolidated statement of financial position, respectively, depending on whether the fair value is positive or negative differences arising from the fair value of derivative financial instruments are reflected to the profit and loss in the consolidated statements of profit or loss. The aforementioned matter is effective if the hedged item is measured at cost.

2.5 New and Revised Turkish Financial Reporting Standards

The new standards, amendments and interpretations

The accounting policies adopted in preparation of the consolidated financial statements as of 31 December 2023 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRS interpretations effective as of 1 January 2023 and thereafter. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

The new standards, amendments and interpretations and interpretations to the existing previous standards which are effective from 31 December 2023 are as follows:

Amendments to TAS 1- Classification of Liabilities as Current and Non-Current Liabilities

On 15 January 2021, the POA issued amendments to TAS 1 "Presentation of Financial Statements". The amendments issued to TAS 1 which are effective for periods beginning on or after 1 January 2023, clarify the criteria for the classification of a liability as either current or non-current. Amendments must be applied retrospectively in accordance with TAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". Early application is permitted.

The Group is in the process of assessing the material influence of the amendments on the financial position or performance of the Group.

2.5 New and Revised Turkish Financial Reporting Standards (continued)

Amendments to TAS 8 - Definition of Accounting Estimates

In August 2021, the POA issued amendments to TAS 8, in which it introduced a new definition of "accounting estimates". The amendments issued to TAS 8 are effective for annual periods beginning on or after 1 January 2023. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors. The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors. This aspect of the definition was retained by the POA. The amendments apply to changes in accounting policies and changes in accounting estimates that occur on or after the commencement of the effective date. Earlier application is permitted. The amendments did not have a significant material influence on the financial position or performance of the Group.

Amendments to TAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

In August 2021, the POA issued amendments to TAS 12, which narrows the scope of the initial recognition exception under TAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgment (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgment is important in determining whether any temporary differences exist on initial recognition of the asset and liability. The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations should be recognized. The amendments did not have a significant material influence on the financial position or performance of the Group.

Amendments to TAS 12 - International Tax Reform – Pillar Two Model Rules

In September 2023, the POA issued amendments to TAS 12, which introduced a mandatory exception in TAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes. This amendment introduces a temporary exception to the accounting for deferred tax assets and liabilities related to Pillar Two income taxes. However, certain disclosure requirements are not required to be applied for any interim period ending on or before 31 December 2023. The amendments did not have a significant material influence on the financial position or performance of the Group.

Standards issued but not yet effective and not early adopted

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the consolidated financial statements are as follows. The Group will make the necessary changes if not indicated otherwise, which will affect the consolidated financial statements and disclosures, when the new standards and interpretations become effective.

2.5 New and Revised Turkish Financial Reporting Standards (continued)

Amendment to TAS 1 – Non-current liabilities with covenants

The standard is 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 the information an entity provides related to liabilities subject to these conditions.

Amendments to TAS 7 and TFRS 7 on Supplier finance arrangements

The standard is 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 ("International Accounting Standards Board") response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.

Amendment to TFRS 16 – Leases on sale and leaseback

The standard is effective from annual periods beginning on or after 1 January 2024. These amendments include requirements for sale and leaseback transactions in TFRS 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.

TFRS S1, 'General requirements for disclosure of sustainability-related financial information

TSRS 1 sets out overall requirements for sustainability-related financial disclosures to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity. The application of this standard is mandatory for annual reporting periods beginning on or after 1 January 2024 for the entities that meet the criteria specified in POA's announcement dated 5 January 2024 and numbered 2024-5 and for banks regardless of the criteria. Other entities may voluntarily report in accordance with TSRS.

TSRS 2 Climate-related Disclosures

TSRS 2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity. The application of this standard is mandatory for annual reporting periods beginning on or after 1 January 2024 for the entities that meet the criteria specified in POA's announcement dated 5 January 2024 and numbered 2024-5 and for banks regardless of the criteria. Other entities may voluntarily report in accordance with TSRS.

NOTE 3 – OPERATING SEGMENTS

The Group's nature of business includes ensuring the production and trade coated cardboard. Kartonsan's business activities comprise of the nature and economic characteristics of the products, the production processes, the classification of the customers according to their risks and the methods used in the distribution of the products. In addition, the Group's organizational structure is constituted as the management of a single activity rather than being managed in separate departments handling different activities. Therefore, the Group's operations are treated as a single reportable segment including the Group's results of operations, and the determination of the resources to be allocated to such activities and the performance of these activities are evaluated within this framework.

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

NOTE 4 - CASH AND CASH EQUIVALENTS

	31 December 2023	31 December 2022
Cash on hand	**467.373**	**689.102**
Banks	**94.646.850**	**624.546.257**
- Demand Deposits - TL	6.467.202	6.918.293
- Demand Deposits – Foreign Currency	51.806.096	91.039.320
- Time Deposit - TL	36.373.552	44.141.446
- Time Deposit - Foreign Currency	-	482.356.573
- Credit Card Receivables	-	90.625
Total	**95.114.223**	**625.235.359**

As of 31 December 2023, the average maturity of time deposits is 4 days (31 December 2022: 29 days).

As of 31 December 2023, time deposits denominated in TL amounting to TL 36.373.552 (31 December 2022: TL 44.141.446) and the annual effective interest rate is 39.00% (31 December 2022: 22.00%). As of 31 December 2023, the Group has no foreign currency denominated time deposits (31 December 2022: TL 482.356.573 and 4.01%, respectively).

As of 31 December 2023 and 2022, the details of cash and cash equivalents subject statements of cash flows are as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Beginning of the period – 1 January	624.868.595	1.137.547.193
Net increase/(decrease) in cash and cash equivalents	(529.827.924)	(512.678.598)
Cash and cash equivalents net cash flow position, net	**95.040.671**	**624.868.595**
Interest accruals (-)	73.552	366.764
End of the period – 31 December	**95.114.223**	**625.235.359**

NOTE 5 - RELATED PARTY DISCLOSURES

a) Trade receivables from related parties

	31 December 2023	31 December 2022
Mel Macedonian Paper Mills S.S.A	10.756.175	31.216.089
Total	**10.756.175**	**31.216.089**

b) Prepaid expenses to related parties

	31 December 2023	31 December 2022
Mel Macedonian Paper Mills S.S.A	14.610.670	20.768.017
Total	**14.610.670**	**20.768.017**

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

NOTE 5 - RELATED PARTY DISCLOSURES (continued)

c) Trade payables to related parties

	31 December 2023	31 December 2022
Ece Ticari Gayrimenkul Yatırım ve Yönetim Hizm. A.Ş.	130.789	89.439
Pak Holding A.Ş.	18.159	29.186
Pak Gıda Üretim ve Pazarlama A.Ş.	3.564	18.176
Total	**152.512**	**136.801**

d) Other payables to related parties

	31 December 2023	31 December 2022
Shareholders (Dividend)	148.723	148.052
Total	**148.723**	**148.052**

e) Short-term lease liabilities to related parties

	31 December 2023	31 December 2022
Ece Ticari Gayrimenkul Yatırım ve Yönetim Hizm. A.Ş.	752.946	335.746
Total	**752.946**	**335.746**

f) Long-term lease liabilities to related parties

	31 December 2023	31 December 2022
Ece Ticari Gayrimenkul Yatırım ve Yönetim Hizm. A.Ş.	6.897.349	5.752.351
Total	**6.897.349**	**5.752.351**

g) Sales of goods and services to related parties

	1 January - 31 December 2023	1 January - 31 December 2022
Mel Macedonian Paper Mills S.S.A	38.756.638	161.216.206
Total	**38.756.638**	**161.216.206**

h) Purchases of goods and services from related parties

	1 January - 31 December 2023	1 January - 31 December 2022
Mel Macedonian Paper Mills S.S.A.	170.960.396	433.844.569
Ece Ticari Gayrimenkul Yat. ve Yön. Hiz. A.Ş.(**)	3.830.955	3.030.774
Pak Holding A.Ş.(*)	195.528	521.401
Pak Gıda Üretim ve Pazarlama A.Ş.	157.107	97.551
Total	**175.143.986**	**437.494.295**

(*) Includes reflection of legal consultancy services.

(**) Includes rent and subscribtion fees of Engin Pak İş Merkezi.

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

NOTE 5 - RELATED PARTY DISCLOSURES (continued)

g) Key management compensation

	1 January - 31 December 2023	1 January - 31 December 2022
Key management compensation	16.489.868	14.419.369
Total	**16.489.868**	**14.419.369**

Key management compensation provided to key management personnel during the period 1 January 2023 to 31 December 2023 and 2022 are short-term benefits and includes benefits, premiums, benefits from post-employment and other payments. There are no post-employment benefits, share-based payments and other long-term benefits in the 1 January 2023 to 31 December 2023 and 2022 period.

NOTE 6- TRADE RECEIVABLES AND PAYABLES

a) Trade receivables from third parties	31 December 2023	31 December 2022
Customers	224.397.662	307.567.336
Notes receivables	1.770.000	0
Doubtful trade receivables	(1.326.543)	(1.451.506)
Less: Non-accrued financial income	1.334.955	2.027.692
Less: Provision for doubtful trade receivables	(1.334.955)	(2.027.692)
Total	**224.841.119**	**306.115.830**

The average turnover period of trade receivables is 21 days (31 December 2022: 29 days) and the annual effective interest rates are as follows:

	31 December 2023				31 December 2022			
	TL	USD	EUR	OTHER	TL	USD	EUR	OTHER
Trade Receivables	39%	3.20%	2.22%	0	22%	2.75%	2.60%	0

As of 31 December 2023, the Group has mortgages and letter of guarantees for its trade receivables amounting to TL 143.281.632 (31 December 2022: TL 214.085.153).

The movements of provision for doubtful receivables during the period are as follows:

	31 December 2023	31 December 2022
Beginning of the Period - 1 January	**2.027.692**	**17.870.024**
Increases during the period	171.040	123.721
Collections	(66.683)	(8.974.502)
Adjusments for inflation	(797.094)	6.991.551
End of the period – 31 December	**1.334.955**	**2.027.692**

b) Trade payables to third parties	31 December 2023	31 December 2022
Suppliers	456.642.125	457.112.480
Notes Payable	6.145.000	12.802.856
Less: Non-accrued financial expense	(3.185.760)	(2.871.412)
Total	**459.601.365**	**467.043.924**

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

NOTE 6- TRADE RECEIVABLES AND PAYABLES (continued)

The average turnover period of trade payables is 13 days (31 December 2022: 15 days) and the annual effective interest rates are as follows:

	31 December 2023				31 December 2022			
	TL	USD	EUR	OTHER	TL	USD	EUR	OTHER
Trade Payables	39%	3.20%	2.22%	0	22%	2.75%	2.60%	0

NOTE 7 - BORROWINGS

Short-term borrowings from related parties

	31 December 2023	31 December 2022
Lease liabilities	752.946	335.746
Total	**752.946**	**335.746**

Long-term borrowings from related parties

	31 December 2023	31 December 2022
Lease liabilities	6.897.349	5.752.351
Total	**6.897.349**	**5.752.351**

Short-term borrowings from third parties

	31 December 2023	31 December 2022
Lease liabilities	-	1.700.709
Total	**-**	**1.700.709**

Long-term borrowings from third parties

	31 December 2023	31 December 2022
Lease liabilities	-	515.542
Total	**-**	**515.542**

NOTE 8 - OTHER RECEIVABLES AND PAYABLES

The breakdown of other receivables and payables of the Group at the end of the periods is as follows:

a) Short-term other receivables from third parties	31 December 2023	31 December 2022
Tax refunds from tax office	28.681.907	37.252.656
Deposits and guarantees given	347.264	488.733
Due from employees	325.297	144.443
Total	**29.354.468**	**37.885.832**

b) Long-term other receivables from third parties	31 December 2023	31 December 2022
Deposits and guarantees given	404.687	146.682
Total	**404.687**	**146.682**

c) Other payables to third parties	31 December 2023	31 December 2022
Advances received	16.919.876	37.606.657
Taxes payable	12.295.343	7.964.690
Total	**29.215.219**	**45.571.347**

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

NOTE 9 - INVENTORIES

	31 December 2023	31 December 2022
Raw materials and supplies	117.459.268	342.516.020
Semi-finished goods	20.342.552	18.078.296
Finished goods	318.240.957	510.667.592
Merchandise	80.054.877	151.167.582
Other inventories	83.678.007	92.385.203
Less: Provision for impairment	(61.581.305)	(28.356.065)
Total	**558.194.356**	**1.086.458.628**

As of 31 December 2023, cost of inventories of the Group amounting to TL 2.023.046.725 (31 December 2022: TL 3.945.032.735) is recognized as an expense under cost of sales (Note 19 and 21).

Movements of provision for impairment on inventories are as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Beginning of the period - 1 January	**(28.356.065)**	**(254.015)**
Transfer to profit or loss position due to disposals	17.209.178	154.633
Provisions during the period (-)	(61.581.305)	(28.356.065)
Adjustments for inflation	11.146.887	99.382
End of the period – 31 December	**(61.581.305)**	**(28.356.065)**

The cost, net realisable value of the inventories related to inventory impairment and the provisions during the period are as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Cost	(259.308.175)	(251.885.431)
Net realisable value	197.726.870	223.529.366
Provisions during the period, net	**(61.581.305)**	**(28.356.065)**

The Group has no inventory provided as guarantee and collateral against its liabilities.

NOTE 10 - INVESTMENT PROPERTIES

As of 31 December 2023, investment properties of the Group is amounting to TL 3.744.069 (31 December 2022: TL 3.744.069). The Group has no movement for investment properties during the period (31 December 2022: None).

Investment properties carried at cost in the accompanying consolidated financial statements. The fair value of the investment properties is amounting to TL 77.250.000 in accordance with the real estate appraisal report prepared on 15 March 2024 by Girişim Gayrimenkul Değerleme Anonim Şirketi authorised by the Capital Markets Board (the "CMB").

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

NOTE 11 – PROPERTY, PLANT AND EQUIPMENT

Cost:	1 January 2023	Additions	Disposals	Transfers	31 December 2023
Land	213.082.955	4	-	-	213.082.959
Land improvements	129.751.002	2.164.596	-	723.260	132.638.858
Buildings	856.733.912	39.933.878	-	7.774.309	904.442.099
Plant, machinery and equipment	7.320.134.589	125.129.228	2.826.226	25.091.785	7.467.529.376
Motor vehicles	19.156.059	97.806	35.825	-	19.218.040
Furniture and fixtures	254.920.769	9.754.066	356.765	-	264.318.070
Leasehold improvements	5.061.975	13.993	-	-	5.075.968
Other property, plant and equipment	11.021.182	1.002.177	566.558	-	11.456.801
Constructions in progress	2.788.437	30.853.129	-	(33.589.354)	52.212
	8.812.650.881	**208.948.877**	**3.785.374**	**-**	**9.017.814.383**
Accumulated depreciation:					
Land improvements	(93.824.319)	(4.078.934)	-	-	(97.903.253)
Buildings	(481.488.382)	(18.110.420)	-	-	(499.598.802)
Plant, machinery and equipment	(6.269.057.785)	(236.947.192)	2.412.893	-	(6.503.592.084)
Motor vehicles	(13.779.398)	(1.042.626)	30.153	-	(14.791.871)
Furniture and fixtures	(205.446.039)	(13.834.434)	198.663	-	(219.081.810)
Leasehold improvements	(4.871.913)	(64.482)	-	-	(4.936.395)
Other property, plant and equipment	(4.173.184)	(957.321)	278.147	-	(4.852.358)
	(7.072.641.020)	**(275.035.409)**	**2.919.856**	**-**	**(7.344.756.573)**
Net book value	**1.740.009.860**				**1.673.057.810**

Cost:	1 January 2022	Additions	Disposals	Transfers	31 December 2022
Land	213.082.953	7	-	-	213.082.960
Land improvements	122.014.364	1.904.697	-	5.831.941	129.751.002
Buildings	831.515.590	9.096.610	-	16.121.712	856.733.912
Plant, machinery and equipment	7.061.438.194	169.807.679	128.322	89.017.037	7.320.134.588
Motor vehicles	18.813.734	342.322	-	-	19.156.056
Furniture and fixtures	239.755.411	17.532.231	2.366.867	-	254.920.775
Leasehold improvements	5.040.745	21.231	-	-	5.061.976
Other property, plant and equipment	7.401.506	3.619.677	-	-	11.021.183
Constructions in progress	1.105.321	112.653.801	-	(110.970.690)	2.788.432
	8.500.167.818	**314.978.255**	**2.495.189**	**-**	**8.812.650.884**
Accumulated depreciation:					
Land improvements	(89.619.374)	(4.204.947)	-	-	(93.824.321)
Buildings	(464.060.867)	(17.427.516)	-	-	(481.488.383)
Plant, machinery and equipment	(6.061.254.276)	(207.931.828)	128.322	-	(6.269.057.782)
Motor vehicles	(12.122.039)	(1.657.359)	-	-	(13.779.398)
Furniture and fixtures	(193.181.581)	(14.608.764)	2.344.303	-	(205.446.042)
Leasehold improvements	(4.728.579)	(143.334)	-	-	(4.871.913)
Other property, plant and equipment	(3.356.986)	(816.199)	-	-	(4.173.185)
	(6.828.323.702)	**(246.789.947)**	**2.472.625**	**-**	**(7.072.641.024)**
Net book value	**1.671.844.117**				**1.740.009.860**

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

NOTE 11 – PROPERTY, PLANT AND EQUIPMENT (continued)

As of 31 December 2023, the Group has no machinery and equipment acquired through finance leases. (31 December 2022: None.)

Current period depreciation and amortisation charges on property, plant and equipment amounting to TL 221.900.598 (31 December 2022: TL 237.710.643) included in cost of sales, the portion amounting to TL 45.560.769 included in idle capacity costs, the portion amounting to TL 4.301.305 included in (31 December 2022: TL 5.909.002) marketing expenses and remaining portion amounting to TL 3.272.737 (31 December 2022: TL 3.170.302) is included in general administrative expenses (Note 19 and 20).

NOTE 12 – RIGHT OF USE ASSETS AND INTANGIBLE ASSETS

Right of Use Assets

Cost:	Opening balance – 1 January 2023	Additions	Disposals	Closing balance – 31 December 2023
Head Office	19.694.392	7.131.452	-	26.825.844
Motor Vehicles	4.843.734	81.735	(4.925.469)	-
	24.538.126	**7.213.187**	**(4.925.469)**	**26.825.844**

Accumulated depreciation:	Opening balance – 1 January 2023	Additions	Disposals	Closing balance – 31 December 2023
Head Office	(6.393.823)	(2.636.390)	-	(9.030.213)
Motor Vehicles	(2.942.953)	(980.480)	3.923.433	-
	(9.336.776)	**(3.616.870)**	**3.923.433**	**(9.030.213)**
Net book value	**15.201.350**			**17.795.631**

Cost:	Opening balance – 1 January 2022	Additions	Disposals	Closing balance – 31 December 2022
Head Office	20.543.039		(848.646)	19.694.393
Motor Vehicles	4.585.952	637.912	(380.130)	4.843.734
	25.128.991	**637.912**	**(1.228.775)**	**24.660.180**

Accumulated depreciation:	Opening balance – 1 January 2022	Additions	Disposals	Closing balance – 31 December 2022
Head Office	(4.677.621)	(1.716.202)	-	(6.393.823)
Motor Vehicles	(1.659.897)	(1.594.254)	311.197	(2.942.954)
	(6.337.518)	**(3.310.456)**	**311.197**	**(9.336.777)**
Net book value	**11.001.332**			**15.201.350**

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

NOTE 12 – RIGHT OF USE ASSETS AND INTANGIBLE ASSETS (continued)

Intangible Assets

Cost:	**Opening balance – 1 January 2023**	**Additions**	**Disposals**	**Closing balance – 31 December 2023**
Rights and computer software	73.286.671	3.147	-	73.289.818
	73.286.671	**3.147**	**-**	**73.289.818**

Accumulated depreciation:	**Opening balance – 1 January 2023**	**Additions**	**Disposals**	**Closing balance – 31 December 2023**
Rights and computer software	(52.726.899)	(3.171.881)	-	(55.898.779)
	(52.726.899)	**(3.171.881)**	**-**	**(55.898.779)**
Net book value	**20.559.772**			**17.391.039**

Cost:	**Opening balance – 1 January 2022**	**Additions**	**Disposals**	**Closing balance – 31 December 2022**
Rights and computer software	70.654.688	2.631.982	-	73.286.671
	70.654.688	**2.631.982**	**-**	**73.286.671**

Accumulated depreciation:	**Opening balance – 1 January 2022**	**Additions**	**Disposals**	**Closing balance – 31 December 2022**
Rights and computer software	(49.312.142)	(3.414.757)	-	(52.726.899)
	(49.312.142)	**(3.414.757)**	**-**	**(52.726.899)**
Net book value	**21.342.546**			**20.559.772**

Current period depreciation and amortisation charges on intangible assets amounting to TL 3.171.881 (31 December 2022: TL 3.414.757) included in cost of sales and remaining portion amounting to TL 3.616.870 (31 December 2022: TL 3.310.456) is included in general administrative expenses.

NOTE 13 – GOVERNMENT GRANTS

In 2018, the Group filed an application to the Ministry of Industry and Technology in order to modernize its production facilities and to link some investments, which were made intended for continuance of the facilities activities, to the "Investment Incentive Certificate". As a result of the application and a subsequent application filed for amendment thereof, the final certificate of the investment incentive numbered B137821 dated 18 October 2018 has been issued. The following government grants and incentives have been provided for the investment that is to be made pursuant to the incentive certificate.

- Investment Period: 09.04.2018-09.10.2022
- VAT Exemption
- Customs Duty Exemption
- Tax Deduction Rate: 50%, Investment Contribution Rate: 15% (In accordance with the relevant Turkish tax legislation, tax deduction rate was applied as 100% and investment contribution rate was applied as 30% accordingly for the expenditures of the Group for the period between 2017-2022).

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

NOTE 13 – GOVERNMENT GRANTS (continued)

The total sum of expenditures envisaged to be incurred pursuant to the incentive certificate numbered B137821 on 18 October 2018 is equivalent of TL 130.138.000 whereas the sum of expenditures having been incurred during the period is equivalent of TL 115.791.487. The Group has been benefited from aforementioned government grants regarding the expenditures and the tax exemption amounting to TL 34.737.446 on corporate tax. Incentive certificate has expired during the period and the Group will make an application to the "Republic of Türkiye Ministry of Economy, Directorate of Incentive Implementation and Foreign Investment" for the investment incentive certificate in April 2023.

The Group has applied to the Ministry of Economy in August 2016 for the completion visa of the investment incentive certificate dated 6 February 2016 and numbered C110178 to be carried out. The Ministry of Economy completed the completion examination in July 2017. The result of the completion examination was notified to the Group in April 2018. In accordance with Article 32/A of the Corporate Tax Law with numbered 5520, as a result of the completion of the investment incentive certificate, the Group has calculated the deferred tax asset in the amounts presented below and accounted for 15% of the total investment expenditures incurred under the incentives by considering the deduction of the corporate tax rate in the current period and subsequent periods (Note 25). Completion examination of incentive certificate was completed in April 2018. Total investment expenditure is amounting toTL 139.662.402.

	31 December 2023 Deferred Tax Assets	**31 December 2022 Deferred Tax Assets**
Beginning of the period – 1 January	**66.782.691**	**33.471.316**
Investment Discount Indexing	39.041.161	41.146.290
Spending Amount/Adjustment	-	-
Utilized as Tax Discount	-	(7.834.915)
End of the period – 31 December	**105.823.852**	**66.782.691**

NOTE 14 - PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Other short-term provisions

	31 December 2023	**31 December 2022**
Provision for expense accruals	4.973.418	1.768.508
Provision for export commission expense	3.363.723	10.794.590
Provision for export discount expenses	212.596	884.284
Total	**8.549.737**	**13.447.382**

The movement of other provisions during the period is as follows:

	1 January - 31 December 2023	**1 January - 31 December 2022**
Beginning of the period - 1 January	**13.447.382**	**17.309.595**
Payments and reversals	(8.161.160)	(10.537.309)
Additions	8.549.737	13.447.382
Adjustments for inflation	(5.286.222)	(6.772.286)
End of the period – 31 December	**8.549.737**	**13.447.382**

NOTE 14 - PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS (continued)

In accordance with the summary information obtained regarding the ongoing lawsuits filed against the Group or in favor of the Group as of 31 December 2023,

1. The Group has been filed a lawsuit against Istanbul Metropolitan Municipality in the 10th Administrative Court of Istanbul with the merits numbered 2019/16513, with a request for the cancellation of the 1/5000-scaled master plan covering the area where an immovable property owned by the Group located in Sefaköy/Küçükçekmece. The lawsuit is still ongoing. Since no fund and cash outflow from the Group is estimated regarding the lawsuit, the provision has not been allocated in the consolidated financial statements.

2. The Group has been filed a lawsuit against Küçükçekmece Municipality in the 8th Administrative Court of Istanbul with the merits numbered 2022/407, with a request for the cancellation of the 1/1000-scaled master plan covering the area where an immovable property owned by the Group located in Sefaköy/Küçükçekmece. The lawsuit is still ongoing. Since no fund and cash outflow from the Group is estimated regarding the lawsuit, the provision has not been allocated in the consolidated financial statements.

3. In accordance with the decision of the "Turkish Competition Authority" on 24 April 2012 and numbered 12-21/560-158, a prosecution has been initiated against the Group. As a result, a personal exemption has been granted for the Group in accordance with the decision of the Turkish Competition Authority on 8 July 2013 and numbered 13-42/538-238. The aforementioned matter was disclosed by the Group as "Special Circumstances Disclosure" on 10 July 2013. Regarding the decision of the "Turkish Competition Authority" to grant personal exemption, which is a matter in favor of the Group, an action for annulment was filed at the 14th Administrative Court of Ankara by an entity operating in the relevant market, and the lawsuit was dismissed by the relevant court. The decision was reversed by the "Council of State" after the relevant entity appealed to the court to the Council of State. At the end of the lawsuit process regarding the annulment of the decision, it was decided to annul the decision of the Board on 8 July 2013 and numbered 13-42/538-238 in accordance the decision numbered 2024/294 and 2024/386 of the Ankara 14th Administrative Court. In accordance with the announcement made by the Turkish Competition Authority, it has been announced that it has been decided to open a new investigation against the organizations, including our company, with the decision numbered 24-14/284-M in order to ensure that the relevant court decision is fulfilled. Whether the relevant decision of the Turkish Competition Authority will be annulled as a result of the lawsuit, whether the decision of competition authority regarding the decision of the annullment in favor or against the Group and its materiality to the Group and its consolidated financial statements will be determined in accordance with the process of the relevant lawsuit and decision of the Turkish Competition Authority. Since no cash outflow from the Group is estimated regarding the lawsuit, the provision has not been allocated in the consolidated financial statements.

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

NOTE 14 - PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS (continued)

d) Ratio of collaterals, pledges and mortgages to equity

Collaterals, pledges, and mortgages ("CPM") position obtained from the customers of the Group as of 31 December 2023 and 2022 is as follows:

	Currency	31 December 2023 Original currency amount	31 December 2023 TL equivalent	31 December 2022 Original currency amount	31 December 2022 TL equivalent
CPM's received	TL	77.645.720	77.645.720	106.642.219	106.642.219
	EUR	18.585.000	605.385.932	18.450.000	606.032.990
	GBP	550.000	20.592.935	1.000.000	37.056.111
	USD	100.000	2.943.820	1.750.000	53.917.036
Total			**706.568.407**		**803.648.356**

Collaterals, pledges, and mortgages ("CPM") position obtained from the suppliers of the Group as of 31 December 2023 and 2022 is as follows:

	Currency	31 December 2023 Original currency amount	31 December 2023 TL equivalent	31 December 2022 Original currency amount	31 December 2022 TL equivalent
CPM's received	TL	3.973.978	3.973.978	3.992.412	3.992.412
	EUR	385.429	12.554.909	629.656	20.682.476
Total			**16.528.887**		**24.674.888**

Collaterals, pledges, and mortgages ("CPM") position of the Group as of 31 December 2023 and 2022 is as follows:

	Currency	31 December 2023 Original currency amount	31 December 2023 TL equivalent	31 December 2022 Original currency amount	31 December 2022 TL equivalent
A. Total amount of CPM's given in the name of its own legal personality	TL	13.716.352	13.716.352	33.077.402	33.077.402
	USD	0	0,0	0	0
	EUR	110.000	3.583.129	110.000	3.613.205
B.Total amount of CPM's given on behalf of third parties for ordinary course of business					
C. Total amount of other CPM's given					
(a) Total amount of CPM's given on behalf of the majority shareholder					
(b) Total amount of CPM's given to on behalf of other group companies					
(c) Total amount of CPM's given on behalf of third parties which are not in scope of B					
Total			**17.299.481**		**36.690.607**

The ratio of other CPM's given by the Group to its equity is 0% as of 31 December 2023 (31 December 2022: 0%).

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

NOTE 14 - PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS (continued)

e) Insurance coverage of assets

As of 31 December 2023 and 2022, the details of insurance coverage of assets are as follows:

Type	31 December 2023	31 December 2022
Buildings	225.353.706	371.321.879
Machinery and equipment	1.336.352.500	1.786.949.944
Cash on hand	462.135	761.473
Inventories	504.520.000	954.892.018
Furniture and fixtures	8.968.720	14.778.022
Motor vehicles	29.616.047	11.505.773
Total	**2.105.273.108**	**3.140.209.109**

NOTE 15 - COMMITMENTS

As of 31 December 2023 and 2022, the breakdown of commitments is as follows:

Type	Effective period	31 December 2023	31 December 2022
Raw material and supplies purchase contracts	Up to 1 year	86.184.774	144.570.488
Machinery and equipment purchase contracts	Up to 1 year	15.758.725	93.853.588
Services purchase contracts	Up to 1 year	51.669.073	7.801.548
Total		**153.612.572**	**246.225.624**

NOTE 16 - EMPLOYEE BENEFITS

Due to employee benefits

	31 December 2023	31 December 2022
SSI premium and tax payables	18.113.561	13.102.437
Short-term benefits (e.g. wages and salaries, annual leave)	2.971.570	1.299.144
Other	175.152	108.192
Total	**21.260.283**	**14.509.773**

Short-term provisions for employee benefits

	31 December 2023	31 December 2022
Provision for bonus and salaries	1.560.430	5.981.072
Provision for unused vacation	4.571.599	4.228.487
Total	**6.132.029**	**10.209.559**

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

NOTE 16 - EMPLOYEE BENEFITS *(continued)*

The movements of provision for premiums, salaries and bonuses are as follows:

	31 December 2023	31 December 2022
Beginning of the period - 1 January	**10.209.559**	**4.931.015**
Increases during the period	6.132.029	10.209.559
Payments during the period	(6.196.139)	(3.001.782)
Adjustments for inflation	(4.013.420)	(1.929.233)
End of the period – 31 December	**6.132.029**	**10.209.559**

Long-term provisions for employee benefits

	31 December 2023	31 December 2022
Provision for employment termination benefits	60.709.325	78.372.171
Total	**60.709.325**	**78.372.171**

The provision for employment termination benefits is calculated in accordance with the following explanations.

Under Turkish Labour Law, Kartonsan and its subsidiaries are required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, who is called up for military service, dies or retires after completing 25 years of service (20 years for women) and reaches the retirement age (58 for women and 60 for men).

After 1 January 2036, if the condition of 7200 days are completed, and retirement age and death insurance premium payment days is satisfied, employees are entitled to have employment termination defined benefit plan within the age limits in the date range in which the day condition is satisfied. Consequently, retirement age will gradually increase to 65 for both women and men from 2036 to 2048.

After the legislation on 23 May 2002, some transitional clauses relating to the length of service before retirement have been removed.

The principal assumption is that the maximum liability for each year of service will increase in line with the inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. CMB Financial Reporting Standards/TFRS require actuarial valuation methods to be developed to estimate the obligation under defined benefit plans. Accordingly, the following actuarial assumptions have been used in the calculation of the total liability.

	31 December 2023	31 December 2022
Net discount rate (%)	4.17	3.85
Turnover rate to estimate of the probability of retirement (%)	98.64	98.64

Long-term provisions for employee benefits (continued)

The principal assumption is that the ceiling for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of inflation. As the maximum liability is revised semi-annually, the maximum amount of TL 35.058,58 effective from 1 January 2024 (1 January 2023: TL 19.982,83) has been taken into consideration in calculating the provision for employment termination benefits.

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

NOTE 16 - EMPLOYEE BENEFITS *(continued)*

Movements in the provision for employment termination benefits are as follows:

	31 December 2023	31 December 2022
Beginning of the period - 1 January	**78.372.171**	**62.679.996**
Service costs	5.099.926	6.298.451
Interest costs	7.965.910	7.955.377
Actuarial losses (Note 18)	15.779.856	27.957.529
Losses on remeasurement of defined benefit plans	5.139.090	2.116.668
Payments during the period	(20.839.202)	(4.112.638)
Adjustments for inflation	(30.808.426)	(24.523.212)
End of the period - 31 December	**60.709.325**	**78.372.171**

NOTE 17 - PREPAID EXPENSES AND OTHER CURRENT ASSETS

a) Short-term prepaid expenses to third parties

	31 December 2023	31 December 2022
Advances given	17.151.197	54.513.003
Other prepaid expenses *	6.397.079	11.949.670
Total	**23.548.276**	**66.462.673**

* Includes insurance, maintenance and repair and subscription expenses

b) Other current assets from third parties

	31 December 2023	31 December 2022
Deferred VAT	68.044.450	71.462.621
Cash advances	500	989
Other	27.292	98.851
Total	**68.072.242**	**71.562.461**

c) Long-term prepaid expenses to third parties

	31 December 2023	31 December 2022
Advances given for property, plant and equipment and intangible assets	35.987.028	63.352.190
Total	**35.987.028**	**63.352.190**

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

NOTE 18 - EQUITY

a) Paid- in share capital and adjustment to share capital

As of 31 December 2023 and 2022, the principal shareholders and their respective shareholding rates in Kartonsan are as follows:

	31 December 2023		31 December 2022	
	Amount	Share (%)	Amount	Share (%)
Pak Holding A.Ş.	25.790.930	34.39	25.790.930	34.39
Asil Holding A.Ş.	18.337.579	24.45	18.337.579	24.45
Pak Gıda Üretim ve Pazarlama A.Ş.	14.468.564	19.29	14.468.564	19.29
Oycan İthalat İhracat ve Ticaret A.Ş.	10.654	0.01	10.654	0.01
Other (Listed)	16.392.273	21.86	16.392.273	21.86
Paid-in share capital	**75.000.000**	**100.00**	**75.000.000**	**100.00**
Adjustment to share capital	580.247.842		580.247.842	
Total share capital	**655.247.842**		**655.247.842**	

In accordance with the decision of the Board of Directors, which was registered on 24 December 2020 within the framework of the registered capital system regulations and published in Official Gazette on 25 December 2020 numbered 10232, the number of outstanding shares representing the Group's paid-in share capital has been determined is as follows:

The comparison regarding the equity items of the Group restated for inflation in the consolidated financial statements as of 31 December 2023 and the restated amounts in the financial statements in accordance with Tax Procedure Law ("TPL") are as follows:

	Inflation adjusted amounts in the financial statements in accordance with TPL	Inflation adjusted amounts in the financial statements in accordance TFRS	Retained earnings, net
Share capital	75.000.000	75.000.000	0
Adjustment to share capital	895.349.765	580.247.842	315.101.923
Share premium	11.675.978	7.579.137	4.096.841
Restricted reserves	749.672.979	567.611.693	182.061.286
Retained Earnings	897.635.683	2.032.600.317	(1.134.964.634)

According to the Group's articles of association

Number of outstanding shares	7.500.000.000
Nominal amount of shares	0.01
Total nominal amount	**75.000.000,00**

The Group's 5.287 outstanding shares are comprise of Class A (Preferred) shares representing the aforementioned capital. These shares have privileges in dividend distribution. According to Article 25 of the Group's Articles of Association; after deduction of 10% of the paid-in share capital from the net profit of the first dividend, the dividend is distributed to the Class A (Preferred) shareholders in 5% of the remaining portion.

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

NOTE 18 – EQUITY (continued)

b) Restricted reserves

The legal reserves consist of first and second legal reserves, appropriated in accordance with the Turkish Commercial Code (TCC). The TCC stipulates that the first legal reserve is appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Group's historical paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the historical paid-in share capital. Under TCC, the legal reserves are not available for distribution unless they exceed 50% of the historical paid-in share capital but may be used to offset losses in the event that historical general reserve is exhausted.

The aforementioned reserves should be classified under "Restricted Reserves" in accordance with Capital Markets Board's Financial Reporting Standards. As of 31 December 2023 and 2022, the breakdown of restricted reserves is as follows:

	31 December 2023	31 December 2022
Legal reserves	537.284.121	503.509.822
Gains on disposal of subsidiaries, property, plant and equipment and intangible assets	30.327.572	30.327.572
Total	**567.611.693**	**533.837.394**

c) Dividend distribution

In accordance with the decision of the Capital Markets Board ("CMB") dated 27 January 2010 numbered 02/51, no obligation to distribute any minimum profit to be imposed to ensure that no minimum profit distribution obligation is imposed on dividend distribution for publicly traded joint stock companies, whose shares are traded on the stock exchange, regarding the determination of the principles of distribution of publicly traded companies' joint ventures for the year 2009; and in this context, According to the Article 19 of the Capital Market Law, numbered 6362 and Dividend Communiqué of CMB, numbered II-19.1, listed companies shall distribute their profits within the framework of the profit distribution policies to be determined by their general assemblies and in accordance with the prevailing regulations. Regarding the profit distribution policies of the listed companies, CMB may set different principles on companies with similar qualifications.

In accordance with the Turkish Commercial Code numbered 6102, unless the required reserves and the dividend for shareholders as determined in the Articles of Association or in the dividend distribution policy of the company are allocated; no decision may be taken to set up other reserves, to transfer profits to the subsequent year or to distribute dividends to the holders of usufruct shares, to the members of the board of directors or to the employees; and no dividend can be distributed to these people unless the determined dividend for shareholders is paid in cash.

The entire amount of the dividend to be distributed may only be distributed as long as it is available from the net distributable profit or other sources available in the statutory records. In other words, the upper limit of the dividend to be distributed is the distributable amount of the related profit distribution resources included in the statutory records. Equity capital inflation adjustment differences and book value of extraordinary reserves can be used in free capital increase; cash profit distribution or loss deduction. However, equity capital adjustments are subject to corporate tax if used in cash profit distribution.

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

NOTE 18 – EQUITY (continued)

As of 31 December 2023, the Group's net distributable profit and other available funds (except for the distributable portion of legal reserves) amounting to TL 1.186.935.221 (31 December 2022: TL 2.140.244.571). The total amount of other funds of the Group that may be subject to dividend distribution is limited to the amounts in the Group's statutory records. The Group's statutory records consist of a net profit of TL (341.030.624) in the current period. As of 31 December 2023, the total amount of other funds which may be subject to dividend distribution amounting to TL 367.526.639 (31 December 2022: TL 1.524.146.459). In the calculation of the total amount that may be subject to distribution, the capital inflation adjustment differences and the amount of property, plant and equipment and intangible asset sales earnings held as a fund to be included in the capital are not taken into consideration.

d) Other comprehensive income or expenses not to be reclassified to profit or loss

The movement for actuarial losses recognized under "Other Losses" in equity is as follows:

	31 December 2023	31 December 2022
Beginning of the period - 1 January	**(35.221.801)**	**(21.118.134)**
Actuarial losses	(15.779.856)	(27.957.529)
Actuarial losses - tax effect (Note 25)	3.944.964	5.591.505
Adjustments for inflation	13.845.836	8.262.357
End of the period - 31 December	**(33.210.857)**	**(35.221.801)**

NOTE 19 - REVENUE AND COST OF SALES

	1 January - 31 December 2023	1 January - 31 December 2022
Domestic sales	2.460.134.711	5.996.358.515
Foreign sales	427.167.360	1.174.804.978
Other revenue	29.383.291	88.149.811
Sales returns (-)	(6.449.161)	(14.840.459)
Sales discounts (-)	(127.923.707)	(316.196.609)
Other discounts (-)	(301.905.996)	(373.280.421)
Revenue, net	**2.480.406.498**	**6.554.995.815**

Cost of sales:	1 January - 31 December 2023	1 January - 31 December 2022
Changes in raw material and semi-finished inventories	(2.023.046.725)	(3.945.032.735)
General production costs	(80.259.533)	(186.086.462)
Depreciation and amortisation charges	(225.072.479)	(241.125.400)
Employee benefits	(146.142.467)	(160.762.997)
Cost of goods goods (-)	**(2.474.521.204)**	**(4.533.007.594)**
Cost of merchandise sold	(440.719.560)	(557.558.414)
Other cost of sales	(26.640.797)	(75.117.507)
Cost of sales, net	**(2.941.881.561)**	**(5.165.683.515)**
Gross profit	**(461.475.063)**	**1.389.312.300**

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

NOTE 20 - GENERAL ADMINISTRATIVE AND MARKETING EXPENSES

a) General administrative expenses

	1 January - 31 December 2023	1 January - 31 December 2022
Employee benefits	(47.264.093)	(39.600.141)
Employment termination benefits	(34.250.830)	(28.759.908)
Outsourcing expenses	(13.471.996)	(11.407.183)
Union, chamber and subscription expenses	(2.553.285)	(2.019.094)
Taxes, duties and charges	(5.565.548)	(5.684.361)
Depreciation and amortisation charges	(6.889.607)	(6.480.758)
Grants and donations	(1.537.791)	(317.199)
Other	(2.789.130)	(2.924.655)
Total	**(114.322.280)**	**(97.193.299)**

b) Marketing expenses

	1 January - 31 December 2023	1 January - 31 December 2022
Transportation, distribution and storage expense	(64.545.253)	(92.285.524)
Employee benefits	(16.874.588)	(13.383.349)
Export costs	(3.570.321)	(6.705.852)
Compensation and discounts paid	(3.299.466)	(1.022.325)
Security expenses	(1.084.878)	(787.466)
Taxes, duties and charges	(822.166)	(790.678)
Depreciation and amortisation charges	(4.301.305)	(5.909.002)
Insurance expenses	(526.649)	(417.823)
Repair and maintenance expenses	(349.986)	(238.502)
Other	(6.238.914)	(5.707.511)
Total	**(101.613.526)**	**(127.248.032)**

NOTE 21 - EXPENSES BY NATURE

	1 January - 31 December 2023	1 January - 31 December 2022
Changes in raw material and semi-finished inventories	(2.023.046.725)	(3.945.032.735)
Cost of merchandise sold	(440.719.560)	(557.558.414)
Outsourcing expenses	(93.731.529)	(197.493.645)
Employee benefits	(210.281.148)	(213.746.487)
Depreciation and amortization charges*	(236.263.391)	(253.515.160)
Transportation, distribution and storage expense	(64.545.253)	(92.285.524)
Other cost of sales	(26.640.797)	(75.117.507)
Employment termination benefits	(34.250.830)	(28.759.908)
Export costs	(3.570.321)	(6.705.852)
Union, chamber and subscription expenses	(2.553.285)	(2.019.094)
Compensation and discounts paid	(3.299.466)	(1.022.325)
Taxes, duties and charges	(6.387.714)	(6.475.039)
Grants and donations	(1.537.791)	(317.199)
Security expenses	(1.084.878)	(787.466)
Insurance expenses	(526.649)	(417.823)
Repair and maintenance expenses	(349.986)	(238.502)
Other	(9.028.044)	(8.632.166)
Total	**(3.157.817.367)**	**(5.390.124.846)**

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

NOTE 21 - EXPENSES BY NATURE (continued)

*Current period depreciation and amortisation charges on property, plant and equipment amounting to TL 221.900.598 (31 December 2022: TL 237.710.643) included in cost of sales, the portion amounting to TL 45.560.769 included in idle capacity costs, the portion amounting to TL 4.301.305 included in (31 December 2022: TL 5.909.002) marketing expenses and remaining portion amounting to TL 3.272.737 (31 December 2022: TL 3.170.302) is included in general administrative expenses (Note 19 and 20).

**Current period depreciation and amortisation charges on intangible assets amounting to TL 3.171.881 (31 December 2022: TL 3.414.757) included in cost of sales and remaining portion amounting to TL 3.616.870 (31 December 2022: TL 3.310.456) is included in general administrative expenses.

NOTE 22 – OTHER OPERATING INCOME AND EXPENSES

Other operating income	**1 January - 31 December 2023**	**1 January - 31 December 2022**
Foreign exchange gains (Trade receivables and payables)	79.551.989	158.602.329
Interest income	2.652.265	153.705
Income from insurance compensation and claims	22.810.524	58.107.145
Scrap sales revenues	4.626.351	7.643.461
Reversal of income arising from provisions no longer required	87.280	12.621.630
Interest on late payments	112.722	-
Other	6.788.467	4.844.202
Total	**116.629.598**	**241.972.472**

Other operating expenses	**1 January - 31 December 2023**	**1 January - 31 December 2022**
Idle capacity costs*	(130.491.592)	-
Foreign exchange loses (Trade receivables and payables)	(64.268.803)	(100.852.283)
Interest expenses	(31.274.575)	(36.987.806)
Expenses from tax payments arising from tax restructuring law	(17.953.671)	-
Provision for doubtful receivables	(171.041)	(144.936)
Other	(8.451.930)	(2.743.466)
Total	**(252.611.612)**	**(140.728.491)**

* Due to the strike of unionized employee, and since production could not be realised between 22 December 2022-10 April 2023 and due to the maintenance carried out in the production building on the No. 1 cardboard production line between 1 January 2023-31 October 2023, general manufacturing expenses for the relevant period are considered as “Idle capacity costs” in the accompanying consolidated financial statements.

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

NOTE 23 – GAINS AND LOSSES FROM INVESTMENT ACTIVITIES

Gains from investment activities	1 January - 31 December 2023	1 January - 31 December 2022
Foreign exchange gains (Except for trade receivables and payables)	140.960.627	217.833.638
Interest income	28.815.126	81.115.890
Gain on disposal of non-current assets	1.300.397	572.696
Total	**171.076.150**	**299.522.224**

Losses from investment activities	1 January - 31 December 2023	1 January - 31 December 2022
Foreign exchange losses (Except for trade receivables and payables)	(15.347.868)	(21.468.611)
Total	**(15.347.868)**	**(21.468.611)**

NOTE 24 - FINANCIAL EXPENSES

	1 January - 31 December 2023	1 January - 31 December 2022
Credit card fees and commissions	(51.818.202)	(80.621.929)
Interest expenses from TFRS 16 Leases	(1.613.131)	(2.613.424)
Bank deposit risk expenses under TFRS 9	316.698	432.358
Interest expenses	(52)	(568)
Other	(559.535)	(947.407)
Total	**(53.674.222)**	**(83.750.970)**

NOTE 25 - INCOME TAXES (DEFERRED TAX ASSETS AND LIABILITIES INCLUDED)

As of 31 December 2023 and 2022, the detailed analysis of current income tax liabilities position in the consolidated statement of financial positions is as follows:

	31 December 2023	31 December 2022
Current period tax expense	12.296.736	244.412.615
Less: Prepaid taxes	(8.373.817)	(241.307.773)
Current income tax liabilities, net	**3.922.919**	**3.104.842**

As of 31 December 2023 and 2022, the breakdown of current period tax expenses in the consolidated statements of profit or loss and other comprehensive income is summarized as follows:

	1 January - 31 December 2023	1 January - 31 December 2022
Current period tax expense (-)	(12.296.737)	(244.412.615)
Deferred tax (expense)/income	293.559.450	(107.597.583)
Tax income/(expense)	**281.262.713**	**(352.010.198)**

a) Corporate tax

The Corporate tax law was amended on 13 June 2006 with law numbered 5520. The majority of the clauses of Law No 5520 are effective from 1 January 2006. Accordingly, the corporate tax rate in Turkey is 20% for the year ended 31 December 2023. (Corporate tax rate for the year 2018-2019 and 2020 was applied as 22% and corporate tax rate for the year 2021 and 2022 was applied as 25% and 23%, respectively) (31 December 2022: 23%).

NOTE 25 - INCOME TAXES (DEFERRED TAX ASSETS AND LIABILITIES INCLUDED) (continued)

a) Corporate tax (continued)

In accordance with the amendment on corporate tax law numbered 31462, published in Official Gazette on 22 April 2021, corporate tax rate, which is 20% in Turkey, will be applied as 23% for corporate earnings for the 2022 taxation period.

The "Law on Additional Motor Vehicles Tax for Compensation of Economic Losses Caused by Earthquakes Occurring on 6/2/2023 and on the Amendment of Some Laws and Decree Law No. 375" (Law No.7456) was published in the Official Gazette of 15 July 2023, number 32249. Pursuant to the first paragraph of Article 32 of the Corporate Tax Law No. 5520, corporate tax is levied at the rate of 20% on corporate income. However, corporate tax is levied at the rate of 25% on the corporate income of banks, companies within the scope of Law No. 6361, electronic payment and money institutions, authorised foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies. With Article 21 of this Law, the corporate tax rate has been increased from 20% to 25%.

In addition, this rate will be applied as 30% for the corporate earnings of banks, companies within the scope of the Financial Leasing, Factoring, Financing and Savings Financing Companies Law No. 6361, electronic payment and money institutions, authorised foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies.

The corporate tax rate is applied to the tax base that will be calculated as a result of the deduction of the expenses that are not accepted as a result of the tax laws to the operating profit of the entities, the exception to the tax laws (except for the participation earnings exemption, investment allowance exemption etc.) and the discounts (such as R&D discount). No further tax is paid if the profit is not distributed.

To the limited taxpayer entities that are generating income through a permanent establishment in Turkey, or via a permanent representative no withholding is applied, and the dividens paid to the entities who are resident in Turkey are not subject to withholding. Dividends paid to legal persons and entities other than these are subject to withholding tax at the rate of 10%. Adding profit to the capital is not considered as profit distubition.

In accordance with the Law No. 6009 published in the Official Gazette dated August 1, 2010, the amount of investment allowances that have been earned may be used without any year limitation. In addition, corporate tax will be calculated according to the effective tax rate on post-discount earnings. The amendment made by the Law No. 6009 came into force on 1 August 2010 to be applied to the 2010 earnings.

The Law About Amendments to Tax Procedure Law no 5024 published, Income Tax Law and Corporate Tax Law on the Official Gazette on 30 December 2003 ("Law no 5024") stipulates that the income or corporate tax payers which determine their earnings on the basis of balance, are to have their financial statements subjected to inflation adjustment starting from 1 January 2004. According to the provision of the mentioned law, it requires the inflation rate of the last 36 months (increase ratio of Turkish Statistical Institute and Wholesale Price Index) to exceed 100% and the inflation rate of the last 12 months (increase ratio of Turkish Statistical Institute and Wholesale Price Index) to exceed 10%, to make an inflation correction. As the mentioned conditions were not met in 2004, inflation adjustment was not made accordingly.

In accordance with the decision of the CMB on 28 December 2023 and numbered 81/120, it has been decided that issuers and capital market institutions subject to financial reporting regulations that apply Turkish Accounting/Financial Reporting Standards will apply inflation accounting by applying the provisions of TAS 29 starting from their annual financial reports for the period ended 31 December 2023.

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

NOTE 25 - INCOME TAXES (DEFERRED TAX ASSETS AND LIABILITIES INCLUDED) (continued)

a) Corporate tax (continued)

In accordance with the announcement made by the POA on 23 November 2023, entities applying TFRSs have started to apply inflation accounting in accordance with TAS 29 "Financial Reporting in Hyperinflationary Economies" as of financial statements for the annual reporting period ending on or after 31 December 2023.

Accordingly, while preparing the consolidated financial statements for the year ended 31 December 2023, 2022 and 2021, the Group applied inflation accounting and relevant adjustments in accordance with TAS 29.

Entities shall pay an advance tax of 20% on their quarterly financial profits (tax rate for the years 2018-2019 and 2020 will be applied as 22% and corporate tax rate for the year 2021 has been determined as 25% and 2022 for 23%) and declare until the 17th day of the second month following that period and pay until the evening of 17th day. The advance tax paid within the year is deducted from the corporate tax to be calculated over the corporate tax return to be given the following year. If there is an advance tax remaining despite the offset, this amount may be refunded in cash or deducted from any other financial liability against the state.

There is no application in order to reconciliation with the tax authorities on the tax payable in Turkey. Companies file their tax returns until the 30th of the fourth month following the close of the accounting period.

The tax authorities can review the statutory accounting records within five years and if the wrong transaction is detected, the tax amounts may vary due to the tax assessment to be paid.

According to Turkish tax legislation, financial losses shown on the tax return can be deducted from the corporate income for a period of 5 years. However financial losses cannot be offset from last year's profits.

The effective reconciliation of the estimated and realised current period income tax expense for the periods 1 January – 31 December 2023 and 2022 are as follows:

	1 January - 31 December 2023	**1 January - 31 December 2022**
Profit before tax	(1.127.902.362)	889.710.036
Tax calculated at domestic tax rate (-)	281.975.591	(204.633.308)
Effect of change in corporate tax investment discount	39.041.161	92.151.407
Effect of non-deductible expenses	(10.511.344)	(11.868.056)
Gains on foreign exchange protected time deposits (tax effect)	-	8.498.348
Other	(29.242.695)	(236.158.588)
Tax income/(expense)	**281.262.713**	**(352.010.197)**

b) Deferred tax

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between the consolidated financial statements as reported by the Capital Markets Board and the statutory financial statements issued in accordance with the Tax Procedures Law. As of 31 December 2023 and 2022, the breakdown of cumulative temporary differences and deferred tax assets and liabilities provided using principal tax rates are as follows:

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

NOTE 25 - INCOME TAXES (DEFERRED TAX ASSETS AND LIABILITIES INCLUDED) (continued)

b) Deferred tax (continued)

	Cumulative temporary differences		Deferred tax assets/(liabilities)	
	31 December 2023	**31 December 2022**	**31 December 2023**	**31 December 2022**
Corporate tax investment incentive discount	705.492.344	733.598.591	105.823.852	110.039.789
Property, plant and equipment and intangible assets	80.688.882	1.268.944.253	21.330.331	(250.735.644)
Provisions for employee benefits	60.709.325	78.372.171	15.177.331	15.674.434
Inventories	40.339.943	112.893.575	(10.084.987)	(22.578.714)
Non-accrued financial income	1.875.476	1.358.442	(468.870)	(271.689)
Provision for doubtful trade receivables	267.685	161.664	66.922	32.333
Financial losses	315.985.714	-	78.996.428	-
Other, net	4.072.946	16.819.444	(1.018.236)	3.363.889
Deferred tax assets, net			**209.822.771**	**(144.475.602)**
Tax assets			242.738.008	2.024.542
Tax liabilities			(32.915.237)	(146.500.144)
Deferred tax assets/(liabilities), net			**209.822.771**	**(144.475.602)**

Movements in deferred tax assets are as follows:

NOTE 25 - INCOME TAXES (DEFERRED TAX ASSETS AND LIABILITIES INCLUDED) (continued)

	1 January - 31 December 2023	**1 January - 31 December 2022**
Beginning of the period - 1 January	**(144.475.602)**	**(69.764.517)**
Charge to the statement of profit or loss	293.559.450	(107.597.584)
Actuarial losses classified under equity, tax effect (Note 18)	3.944.964	5.591.506
Adjustments for inflation	56.793.959	27.294.993
Total deferred tax assets, net – (End of the period – 31 December)	**209.822.771**	**(144.475.602)**

NOTE 26 - EARNINGS PER SHARE

	1 January - 31 December 2023	**1 January - 31 December 2022**
Profit attributable to equity holders of the parent	(845.665.096)	536.924.453
Weighted average number of shares	75.000.000	75.000.000
Earnings per share	**(11,27553461)**	**7,15899271**

NOTE 27 - FINANCIAL INSTRUMENTS

a) Classification of financial instruments

	31 December 2023	31 December 2022
Cash and cash equivalents	95.114.223	625.235.359
Trade receivables	235.597.294	337.331.919
Total	**330.711.517**	**962.567.278**

Financial liabilities measured by effective interest method

	31 December 2023	31 December 2022
Trade payables	459.753.877	467.180.725
Borrowings	7.650.295	8.304.348
Total	**467.404.172**	**475.485.073**

b) Fair value of financial instruments

As of 31 December 2023 and 2022, the Group has no financial assets and liabilities measured at fair value.

NOTE 28 -NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS

28.1 Financial risk factors

The Group is exposed to market risk (currency and interest rate risk), credit risk and liquidity risk due to its operations.

The Group's overall risk management strategy focuses on the unpredictability of financial markets and targets to minimise potential adverse effects on the Group's financial performance.

a) Market risk

aa) Currency risk

Currency risk arises from the fact that the Group has liabilities denominated in USD and EUR. The difference between the foreign currency denominated and foreign currency indexed assets and liabilities for USD and EUR of the Group are defined as the "Net foreign currency position" and it is the basis of the currency risk. Currency risk arises from assets and liabilities recognised in the accompanying consolidated financial statements. Currency risk is monitored by analyzing the foreign currency position.

As of 31 December 2023 and 2022, the foreign exchange position is as follows:

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

NOTE 28 -NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (continued)

aa) Currency risk (continued)

31 December 2023

	TL equivalent (functional currency)	USD	EUR	Other
1. Trade Receivables	101.189.711	91.493	2.999.928	20.752
2a. Monetary Financial Assets	65.534.897	378.407	1.652.383	14.280
2b. Non-Monetary Financial Assets				
3. Other				
4. Total Current Assets (1+2+3)	**166.724.608**	**469.900**	**4.652.311**	**35.032**
5. Trade Receivables				
6a. Monetary Financial Assets	30.101.891	662.916	325.010	-
6b. Non-Monetary Financial Assets				
7. Other				
8. Total Non-Current Assets (5+6+7)	**30.101.891**	**662.916**	**325.010**	**-**
9. Total Assets (4+8)	**196.826.499**	**1.132.816**	**4.977.321**	**35.032**
10. Trade Payables	200.839.995	683.568	5.544.191	3.233
11. Financial Liabilities	-	-	-	-
12a. Other Monetary Liabilities	-	-	-	-
12b. Other Non-Monetary Liabilities				
13. Total Current Liabilities (10+11+12)	**200.839.995**	**683.568**	**5.544.191**	**3.233**
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)	**200.839.995**	**683.568**	**5.544.191**	**3.233**
19. Off-Balance Sheet Derivative Instruments Net Asset / (Liability) Position (19a-19b)				
19a. Total Amount of Hedged Assets				
19b. Total Amount of Hedged Liabilities				
20. Net Foreign Exchange Asset/(Liability) Position (9-18+19)	**(4.013.496)**	**449.248**	**(566.870)**	**31.799**
21. Monetary Items Net Foreign Exchange Asset/ (liability) position (1+2a+5+6a-10-11-12a-14-15-16a)	**(4.013.496)**	**449.248**	**(566.870)**	**31.799**
22. Total Fair Value of Financial Instruments Used for the Foreign Exchange Hedge				
23. The Amount of Hedged part of Foreign Exchange Denominated Assets				
24. The Amount of Hedged part of Foreign Exchange Denominated Liabilities				
25. Export	381.238.811	17.845.598	361.234.705	2.158.508
26. Import	508.365.218	170.848.903	337.516.315	-

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

NOTE 28 -NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (continued)

aa) Currency risk (continued)

31 December 2022

	TL equivalent (functional currency)	USD	EUR	Other
1. Trade Receivables	178.375.230	290.325	5.077.369	71.579
2a. Monetary Financial Assets	647.620.723	7.863.501	12.202.759	121.371
2b. Non-Monetary Financial Assets	0	0	0	0
3. Other	0	0	0	0
4. Total Current Assets (1+2+3)	**825.995.953**	**8.153.826**	**17.280.128**	**192.950**
5. Trade Receivables	0	0	0	0
6a. Monetary Financial Assets	62.253.919	773.231	1.169.985	-
6b. Non-Monetary Financial Assets	0	0	0	0
7. Other	0	0	0	0
8. Total Non-Current Assets (5+6+7)	**62.253.919**	**773.231**	**1.169.985**	**0**
9. Total Assets (4+8)	**888.249.872**	**8.927.057**	**18.450.113**	**192.950**
10. Trade Payables	228.308.148	222.781	11.226.844	14.963
11. Financial Liabilities	0	-	-	-
12a. Other Monetary Liabilities	0	-	-	-
12b. Other Non-Monetary Liabilities	0	0	0	0
13. Total Current Liabilities (10+11+12)	**228.308.148**	**222.781**	**11.226.844**	**14.963**
14. Trade Payables				
15. Financial Liabilities				
16a. Other Monetary Liabilities				
16b. Other Non-Monetary Liabilities				
17. Total Non-Current Liabilities (14+15+16)	**0**	**0**	**0**	**0**
18. Total Liabilities (13+17)	**228.308.148**	**222.781**	**11.226.844**	**14.963**
19. Off-Balance Sheet Derivative Instruments Net Asset / (Liability) Position (19a-19b)				
19a. Total Amount of Hedged Assets				
19b. Total Amount of Hedged Liabilities				
20. Net Foreign Exchange Asset/(Liability) Position (9-18+19)	**659.941.724**	**8.791.852**	**11.636.588**	**183.869**
21. Monetary Items Net Foreign Exchange Asset/ (liability) position (1+2a+5+6a-10-11-12a-14-15-16a)	**400.515.891**	**8.791.852**	**11.636.588**	**183.869**
22. Total Fair Value of Financial Instruments Used for the Foreign Exchange Hedge				
23. The Amount of Hedged part of Foreign Exchange Denominated Assets				
24. The Amount of Hedged part of Foreign Exchange Denominated Liabilities				
25. Export	1.113.518.917	58.737.831	606.429.875	10.622.300
26. Import	1.440.549.283	186.155.229	688.108.148	-

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

NOTE 28 -NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (continued)

The following table details the Group's foreign currency sensitivity analysis as at 31 December 2023 and 2022 for the changes at the rate of 10%:

	31 December 2023			
	Profit/(loss)		**Equity**	
	Appreciation of foreign currency	**Depreciation of foreign currency**	**Appreciation of foreign currency**	**Depreciation of foreign currency**
Change in USD against TL by 10%				
1- USD Net Asset / Liability	1.297.683	(1.297.683)	1.297.683	(1.297.683)
2- Hedged portion of USD Risk (-)				
3- USD Net Effect (1+2)	**1.297.683**	**(1.297.683)**	**1.297.683**	**(1.297.683)**
Change in EUR against TL by 10%				
4- EUR Net Asset / Liability	(1.816.385)	1.816.385	(1.816.385)	1.816.385
5- Hedged portion of EUR Risk (-)				
6- EUR Net Effect (4+5)	**(1.816.385)**	**1.816.385**	**(1.816.385)**	**1.816.385**
Change in Other currencies against TL by 10%				
7- Other currencies Net Asset / Liability	117.353	(117.353)	117.353	(117.353)
8- Hedged portion of Other currencies Risk (-)				
9- Other currencies Net Effect (7+8)	**117.353**	**(117.353)**	**117.353**	**(117.353)**
Total (3+6+9)	**(401.349)**	**401.349**	**(401.349)**	**401.349**

	31 December 2022			
	Profit/(loss)		**Equity**	
	Appreciation of foreign currency	**Depreciation of foreign currency**	**Appreciation of foreign currency**	**Depreciation of foreign currency**
Change in USD against TL by 10%				
1- USD Net Asset / Liability	27.090.103	(27.090.103)	27.090.103	-27.090.103
2- Hedged portion of USD Risk (-)				
3- USD Net Effect (1+2)	**27.090.103**	**(27.090.103)**	**7.090.103**	**27.090.103)**
Change in EUR against TL by 10%				
4- EUR Net Asset / Liability	38.223.188	(38.223.188)	38.223.188	-38.223.188
5- Hedged portion of EUR Risk (-)				
6- EUR Net Effect (4+5)	**38.223.188**	**(38.223.188)**	**38.223.188**	**(38.223.188)**
Change in Other currencies against TL by 10%				
7- Other currencies Net Asset / Liability	680.881	(680.881)	680.881	-680.881
8- Hedged portion of Other currencies Risk (-)				
9- Other currencies Net Effect (7+8)	**680.881**	**(680.881)**	**680.881**	**(680.881)**
Total (3+6+9)	**65.994.172**	**(65.994.172)**	**65.994.172**	**(65.994.172)**

NOTE 28 -NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (continued)

a) Interest rate risk

The Group has no financial loans subject to fixed and floating-interest rate.

b) Credit risk

Holding financial instruments also carries the risk of the other party not meeting the requirements of the agreement. The Group's collection risk mainly arises from its trade receivables. The Group monitors the credit risk by credit ratings and limitations to the total risk of a single counterparty. The credit risk is diversified as a result of large number of entities comprising the customer basis. Trade receivables are evaluated by taking into consideration the Group's accounting policies and procedures and accordingly, trade receivables are recognised less provision for doubtful receivables in the accompanying consolidated financial statements.

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

NOTE 28 -NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (continued)

31 December 2023	**Trade receivables**		**Other receivables**		**Bank deposits**	**Total**
	Related party	**Other**	**Related party**	**Other**	**Other**	
Maximum exposure to credit risk as of reporting date (A+B+C+D+E) (*)	**10.756.175**	**224.841.119**	**-**	**29.759.155**	**94.646.850**	**360.003.299**
- Maximum risk secured with guarantees and collaterals	**-**	***143.281.632***	**-**	**-**	**-**	***143.281.632***
A. Net book value of neither past due nor impaired financial assets	10.756.175	131.991.112	-	29.759.155	94.646.850	267.153.292
B. Net book value of past due but not impaired financial assets	-	92.850.007	-	-	-	92.850.007
C. Net book value of impaired assets	-	-	-	-	-	-
- Past due (gross book value)	-	*1.334.955*	-	-	-	*1.334.955*
- Impairment (-)	-	*(1.334.955)*	-	-	-	*(1.334.955)*
- Secured with guarantees and collaterals	-	-	-	-	-	-
- Not past due (gross book value)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- Secured with guarantees and collaterals	-	-	-	-	-	-
D. Off-balance sheet expected credit losses	-	-	-	-	-	-

(*) Factors that increase credit reliability, such as guarantees and collaterals received, are not taken into consideration when determining the amount.

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

NOTE 28 -NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (continued)

31 December 2022	Trade receivables		Other receivables		Bank deposits	Total
	Related party	Other	Related party	Other	Other	
Maximum exposure to credit risk as of reporting date (A+B+C+D+E) (*)	**31.216.089**	**306.115.830**	**-**	**38.012.514**	**624.546.256**	**999.910.689**
- Maximum risk secured with guarantees and collaterals	-	***214.085.153***	-	-	-	***214.085.153***
A. Net book value of neither past due nor impaired financial assets	31.216.089	175.722.567	-	-	-	***214.085.153***
B. Net book value of past due but not impaired financial assets	-	130.393.263	-	-	-	130.393.263
C. Net book value of impaired assets	-	-	-	-	-	-
- Past due (gross book value)	-	2.027.692	-	-	-	*2.027.692*
- Impairment (-)	-	(2.027.692)	-	-	-	*(2.027.692)*
- Secured with guarantees and collaterals	-	-	-	-	-	-
- Not past due (gross book value)	-	-	-	-	-	-
- Impairment (-)	-	-	-	-	-	-
- Secured with guarantees and collaterals	-	-	-	-	-	-
D. Off-balance sheet expected credit losses	-	-	-	-	-	-

(*) Factors that increase credit reliability, such as guarantees and collaterals received, are not taken into consideration when determining the amount.

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

NOTE 28 -NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (continued)

As of 31 December 2023, trade receivables amounting to TL 92.850.007 (31 December 2022: TL 130.393.263) are past due but not impaired. The aforementioned trade receivables includes independent customers who pay their past debts without delay. In addition, trade receivables amounting to TL 46.550.052 (31 December 2022: TL 63.453.164) are collateralised through obtaining letter of guarantees. The analysis of aging of past due but not impaired trade receivables is as follows:

	31 December 2023	**31 December 2022**
Past due up to 1 month	91.644.032	122.754.130
Past due 1-3 months	899.493	4.546.497
Past due 3-12 months	306.482	3.092.636
Past due 1-5 years	-	-
Past due 5 years and over	-	-
Total	**92.850.007**	**130.393.263**

c) Liquidity risk

Liquidity risk is the risk that a Group will be unable to meet its funding needs. The Group tries to manage the liquidity risk by maintaining the continuation of sufficient funds and loan reserves by means of matching the financial instruments and terms of liabilities by following the cash flow regularly. Prudent liquidity risk management is to provide sufficient cash and cash equivalents, to enable funding with the support of credit limits provided by reliable credit institutions and to close funding deficit. The Group provides funding by balancing cash inflows and outflows through the provision of credit lines in the business environment.

Undiscounted contractual cash flows of the non-derivative consolidated financial liabilities as of 31 December 2023 and 2022 are as follows:

31 December 2023

Non-derivative financial liabilities

	Carrying value	**Total contractual cash outflows (I+II+III+IV)**	**Demand or up to 3 months (I)**	**3-12 months (II)**	**1-5 years (III)**	**5 years and over (IV)**
Lease liabilities	7.650.295	11.594.826	429.438	1.288.314	6.871.008	3.006.066
Bank borrowings	0	0	0	0	0	0
Trade payables	459.753.877	462.939.637	462.939.637	0	0	0
Employee benefits	21.260.283	21.260.283	21.260.283	0	0	0
Other payables	29.363.942	29.363.942	29.363.942	0	0	0
Total	**518.028.397**	**525.158.688**	**513.993.300**	**1.288.314**	**6.871.008**	**3.006.066**

31 December 2022

Non-derivative financial liabilities

	Carrying value	**Total contractual cash outflows (I+II+III+IV)**	**Demand or up to 3 months (I)**	**3-12 months (II)**	**1-5 years (III)**	**5 years and over (IV)**
Lease liabilities	8.304.347	15.309.365	960.956	2.687.941	7.143.260	4.517.208
Bank borrowings	0	0	0	0	0	0
Trade payables	467.180.725	470.052.137	470.052.137	0	0	0
Employee benefits	14.509.773	14.509.773	14.509.773	0	0	0
Other payables	45.719.398	45.719.398	45.719.398	0	0	0
Total	**535.714.243**	**545.590.673**	**531.242.264**	**2.687.941**	**7.143.260**	**4.517.208**

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

NOTE 28 -NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (continued)

28.2 Capital risk management

The Group's main objectives for capital management are to keep the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may decide on the amount of dividends paid to shareholders, issue of new shares or sell assets to decrease net financial debt.

The Group monitors capital on the basis of the net financial debt/invested capital ratio. Net financial debt is calculated as total financial liabilities less cash and cash equivalents (including borrowings and trade payables in the consolidated statement of financial position) and invested capital is calculated as net financial debt plus total equity. Consolidated net financial debt/invested capital ratio as of 31 December 2023 and 2022 are as follows:

	31 December 2023	31 December 2022
Total borrowings	630.257.644	787.348.343
Less: Cash and cash equivalents (Note 4)	(95.114.223)	(625.235.359)
Net financial debt	**535.143.421**	**162.112.984**
Equity	2.385.352.157	3.303.395.009
Invested capital	**2.920.495.578**	**3.465.507.993**
Net financial debt/invested capital ratio	18.32%	4.68%

NOTE 29 - FEES FOR SERVICES RECEIVED FROM INDEPENDENT AUDITOR/INDEPENDENT AUDIT FIRMS

As of 31 December 2023, total fees recevied for the reporting period is amounting to TL 2.077.515 (31 December 2022: TL 1.445.546).

	31.12.2023	31.12.2022
Audit fee for the reporting period	1.108.336	723.363
Tax consulting fee	630.929	450.308
Other service fee apart from audit	338.250	271.875
Total	**2.077.515**	**1.445.546**

(*) The fees above have been determined through including the legal audit and other related service fees of all subsidiaries and joint ventures, and the foreign currency fees of foreign subisidiaries and affiliates have been converted into TL using the annual average rates of the relevant years.

(*) The fees above comprise of VAT excluded amounts.

NOTE 30 - EVENTS AFTER THE REPORTING PERIOD

The following matters were considered as the events after the reporting period and disclosed to the public accordingly:

a) In accordance with the "Material events" disclosure on 2 April 2024, it has been decided to increase the registered capital ceiling from TL 100.000.000 (TL 100 million) to TL 5.000.000.000 (TL 5 billion) and to determine the validity period of the authorised registered capital ceiling as 2024-2028. In addition, it has been decided to amend the 6th article of the articles of association, titled "Share capital", due to the procedures of increasing the authorised registered capital ceiling and determining the validity period of registered capital. Therefore, it was decided to submit aforementioned matters to the approval of the shareholders at the first general assembly meeting to be held following obtaining the necessary permissions and approvals.

b) In accordance with the "Material events" disclosure on 8 March 2024, it was decided to obtain a loan amounting to TL 100.000.000 (TL 100 million) on 8 March 2024, with a maturity of 1 year and with the annual interest rate of 51.19% in order to provide financing for the optimal capital structure of the Group. Furthermore, it was decided to obtain the loan from Asil Holding, our shareholder, and a PAK Group company.

c) In accordance with the "Material events" disclosure on 5 April 2024, it was decided to obtain a loan amounting to TL 200.000.000 (TL 200 million), with a maturity of 1 year and with the annual interest rate of 53.08% in order to provide financing for the optimal capital structure of the Group. Furthermore, it was decided to obtain the loan from Asil Holding, our shareholder, and a PAK Group company.

d) In accordance with the "Material events" disclosure on 30 April 2024, at the end of the lawsuit process regarding the annulment of the decision, it was decided to annul the decision of the Board on 8 July 2013 and numbered 13-42/538-238 in accordance the decision numbered 2024/294 and 2024/386 of the Ankara 14th Administrative Court. In accordance with the announcement made by the Turkish Competition Authority, it has been announced that it has been decided to open a new investigation against the organizations, including our company, with the decision numbered 24-14/284-M in order to ensure that the relevant court decision is fulfilled.

e) In accordance with the "Material events" disclosure on 14 May 2024, it has been decided to halt production activities between 14 May – 20 May 2024 due to extensive maintenance to be carried out on the cardboard production line numbered 1 at the production facility in Başiskele/Kocaeli. As of 21 May 2024, production activities will resume.

NOTE 31 - THE OTHER MATTERS WHICH SUBSTANTIALLY AFFECT THE CONSOLIDATED FINANCIAL STATEMENTS OR ARE REQUIRED TO BE DESCRIBED IN TERMS OF MAKING THE CONSOLIDATED FINANCIAL STATEMENTS CLEAR, INTERPRETABLE AND UNDERSTANDABLE

None.