Date and time of publication on KAP: 01.03.2023 20:35:58
https://www.kap.org.tr/en/Bildirim/1118697

KAMUYU AYDINLATMA PLATFORMU

KARTONSAN KARTON SANAYİ VE TİCARET A.Ş.
Financial Report
Consolidated
2022 - 4. 3 Monthly Notification

General Information About Financial Statements

Consolidated Financial Statements and Explanatory Notes for the Accounting Period 1 January - 31 December 2022

Independet Audit Comment

Independent Audit Company	GÜRELİ YEMİNLİ MALİ MÜŞAVİRLİK VE BAĞIMSIZ DENETİM HİZMETLERİ A.Ş.
Audit Type	Continuous
Audit Result	Positive

COVENIENCE 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
consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss and other co
cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accountin

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financi
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 Auditi
responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated fina
International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together
relevant to our audit of the consolidated financial statements in Turkey, and we have fulfilled our other ethical responsibilities in acc
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 fina
the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opi

Inventories

Please refer to notes 2.5 and 9 to the consolidated financial statements

Key audit matters	How the 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. 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 t As a part of our - Evaluating whether th -Evaluating the sales in -Testing inventory imp -Comparing the invent -Recalculating the inve -Evaluating inve -Testing the dis adequacy of suc We had no mate

Property, Plant and Equipment

Please refer to notes 2.5 and 11 to the consolidated financial statements.

Key audit matters	How the matter was addressed in our audit

The consolidated financial statements as of 31 December 2022 include property, plant and equipment with carrying values of TL 419.739.507. Depreciation is provided for property, plant and equipment on a straight-line basis over their estimated useful lives for property, plant and equipment and 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 and 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 c impairment tests: As a part of our audit procedures; - We have evaluated the model of impairment tests critically based on the Group manage - Evaluating the consistency of estimates performed by the Gr - Assessing and recalculating the inputs and estimates used performed by the Group management, -Testing the disclosures in the consolidated financial stateme of such disclosures for TFRS requirements, We had no material findings related to the accounting for pro

Revenue

Please refer to notes 2.5 and 19 to the consolidated financial statements.

Key audit matters	**How the matter was addressed in our audit**
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	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, w -We have evaluated revenue recognition during the period by applying the material verification procedures and s -Testing the disclosures in the consolidated financial statements in relation to the recognition of revenue and eva We had no material findings related to the revenue recognition as a result of these procedures.

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 31 December 2022 include revenue with the carrying value of TL 3.364.356.706 which is recognised in " revenue" item under consolidated statement of profit or loss and other comprehensive income.

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 managemer
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 goi
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
includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with ISAs is a hig
Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could
consolidated financial statements.

As part of an independent audit conducted in accordance with ISAs, we exercise professional judgment and maintain professional ske

· 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 risk
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 effectiver

· 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 e
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.
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 u

· 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 staten

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit an
during our audit.

We provide those charged with governance with a statement that we have complied with relevant ethical requirements regardin
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 audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public int

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 commit

2) No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TC period from 1 January to 31 December 2022 period are not in compliance with the TCC and provisions of the Group's articles of associ

3) In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and

The engagement partner responsible for the audit resulting in this independent auditor's report is Metin ETKİN.

GÜRELİ YEMİNLİ MALİ MÜŞAVİRLİK VE BAĞIMSIZ DENETİM HİZMETLERİ A.Ş.

An Independent Member of BAKER TILLY INTERNATIONAL

Metin ETKİN

Partner

İstanbul, 01 March 2023

Statement of Financial Position (Balance Sheet)

Presentation Currency	TL
Nature of Financial Statements	Consolidated

	Footnote Reference	Current Period 31.12.2022	Previous Period 31.12.2021
Statement of Financial Position (Balance Sheet)			
Assets [abstract]			
CURRENT ASSETS			
Cash and cash equivalents	4	379.452.742	420.621.833
Financial Investments		0	0
Financial Assets at Fair Value Through Profit or Loss		0	0
Financial Assets at Fair Value Through Other Comprehensive Income		0	0
Trade Receivables	5-6	204.725.341	174.155.921
Trade Receivables Due From Related Parties	5	18.944.915	10.754.792
Trade Receivables Due From Unrelated Parties	6	185.780.426	163.401.129
Receivables From Financial Sector Operations		0	0
Other Receivables	8	22.992.754	1.151.294
Other Receivables Due From Unrelated Parties	8	22.992.754	1.151.294
Contract Assets		0	0
Contract Assets from Ongoing Construction Contracts		0	0
Derivative Financial Assets		0	0
Inventories	9	567.758.084	171.495.394
Prepayments	5-17	52.739.425	51.178.701
Prepayments to Related Parties	5	12.604.023	13.987.543
Prepayments to Unrelated Parties	17	40.135.402	37.191.158
Other current assets	17	43.430.960	372.208
Other Current Assets Due From Unrelated Parties	17	43.430.960	372.208
SUB-TOTAL		**1.271.099.306**	**818.975.351**
Total current assets		**1.271.099.306**	**818.975.351**
NON-CURRENT ASSETS			
Financial Investments		0	0
Restricted Bank Balances		0	0
Time Deposits		0	0
Financial Assets Available-for-Sale		0	0
Financial Investments Held To Maturity		0	0
Financial Assets at Fair Value Through Profit or Loss		0	0
Financial Assets Held For Trading		0	0
Other Financial Assets Measured at Fair Value Through Profit or Loss		0	0
Financial Assets Designated As at Fair Value Through Profit or Loss		0	0
Financial Investments with Risks on Policyholders		0	0
Financial Assets at Fair Value Through Other Comprehensive Income		0	0
Financial Assets Measured At Fair Value Through Other Comprehensive Income		0	0
Investments in Equity Instruments		0	0
Financial Assets Measured at Amortised Cost		0	0
Other Financial Investments		0	0
Investments in subsidiaries, joint ventures and associates		0	0
Trade Receivables		0	0
Trade Receivables Due From Related Parties		0	0
Trade Receivables Due From Unrelated Parties		0	0
Receivables From Financial Sector Operations		0	0
Receivables From Financial Sector Operations Due From Related Parties		0	0
Receivables From Financial Sector Operations Due From Unrelated Parties		0	0
Other Receivables	8	33.550	25.183
Other Receivables Due From Unrelated Parties	8	33.550	25.183
Contract Assets		0	0
Contract Assets from Ongoing Construction Contracts		0	0
Derivative Financial Assets		0	0
Investment property	10	229.270	229.270
Property, plant and equipment	11	419.739.507	300.334.864
Land and Premises		24.059.097	24.059.097

Land Improvements		9.762.182	6.725.351
Buildings		51.951.240	40.939.968
Machinery And Equipments		312.173.165	214.719.438
Vehicles		1.026.117	1.230.912
Fixtures and fittings		16.805.902	11.200.915
Leasehold Improvements		63.512	82.497
Construction in Progress		1.692.288	670.815
Other property, plant and equipment		2.206.004	705.871
Right of Use Assets	12	3.978.805	5.480.627
Intangible assets and goodwill	12	5.686.501	5.100.683
Other intangible assets	12	5.686.501	5.100.683
Prepayments	17	38.448.181	28.190.378
Prepayments to Unrelated Parties	17	38.448.181	28.190.378
Deferred Tax Asset	25	60.527.033	25.617.415
Other Non-current Assets		0	0
Total non-current assets		**528.642.847**	**364.978.420**
Total assets		**1.799.742.153**	**1.183.953.771**
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Current Borrowings	5-7	1.235.916	1.127.709
Current Borrowings From Related Parties		203.763	233.819
Lease Liabilities	5-7	203.763	233.819
Other short-term borrowings		0	0
Current Borrowings From Unrelated Parties	7	1.032.153	893.890
Bank Loans	7	0	177
Lease Liabilities	7	1.032.153	893.713
Current Portion of Non-current Borrowings		0	0
Current Portion of Non-current Borrowings from Related Parties		0	0
Current Portion of Non-current Borrowings from Unrelated Parties		0	0
Other Financial Liabilities		0	0
Trade Payables	5-6	283.530.042	188.157.125
Trade Payables to Related Parties	5	83.024	60.079
Trade Payables to Unrelated Parties	6	283.447.018	188.097.046
Payables on Financial Sector Operations		0	0
Employee Benefit Obligations	16	8.805.921	4.247.696
Other Payables	5-8	27.746.913	17.260.121
Other Payables to Related Parties	5	89.852	56.381
Other Payables to Unrelated Parties	8	27.657.061	17.203.740
Contract Liabilities		0	0
Contract Liabilities from Ongoing Construction Contracts		0	0
Derivative Financial Liabilities		0	0
Deferred Income Other Than Contract Liabilities		0	0
Current tax liabilities, current	25	1.884.316	45.748.106
Current provisions	14-16	14.357.299	8.216.818
Current provisions for employee benefits	16	6.196.139	1.821.769
Other current provisions	14	8.161.160	6.395.049
Other Current Liabilities	14	0	0
Other Current Liabilities to Unrelated Parties		0	0
SUB-TOTAL		**337.560.407**	**264.757.575**
Total current liabilities		**337.560.407**	**264.757.575**
NON-CURRENT LIABILITIES			
Long Term Borrowings	5-7	3.803.958	5.145.854
Long Term Borrowings From Related Parties	5-7	3.491.078	4.147.419
Lease Liabilities	5-7	3.491.078	4.147.419
Long Term Borrowings From Unrelated Parties		312.880	998.435
Lease Liabilities	7	312.880	998.435
Other Financial Liabilities		0	0
Trade Payables		0	0
Payables on Financial Sector Operations		0	0
Other Payables		0	0
Contract Liabilities		0	0
Contract Liabilities from Ongoing Construction Contracts		0	0
Derivative Financial Liabilities		0	0
Deferred Income Other Than Contract Liabilities		0	0
Non-current provisions	16	47.563.745	23.157.194
Non-current provisions for employee benefits	16	47.563.745	23.157.194
Other non-current provisions		0	0
Deferred Tax Liabilities	25	2.460.768	2.756.587
Other non-current liabilities		0	0
Total non-current liabilities		**53.828.471**	**31.059.635**

Total liabilities		**391.388.878**	**295.817.210**
EQUITY			
Equity attributable to owners of parent		1.407.405.497	887.585.636
Issued capital	18	75.000.000	75.000.000
Inflation Adjustments on Capital	18	21.135.671	21.135.671
Balancing Account for Merger Capital		0	0
Additional Capital Contribution of Shareholders		0	0
Capital Advance		0	0
Treasury Shares (-)		0	0
Capital Adjustments due to Cross-Ownership (-)		0	0
Share Premium (Discount)		7.529	7.529
Effects of Business Combinations Under Common Control		0	0
Put Option Revaluation Fund Related with Non-controlling Interests		0	0
Share Based payments (-)		0	0
Other Accumulated Comprehensive Income (Loss) that will not be Reclassified in Profit or Loss	18	-21.375.965	-7.802.118
Gains (Losses) from investments in equity instruments		0	0
Gains (Losses) on Revaluation and Remeasurement	18	-21.375.965	-7.802.118
Increases (Decreases) on Revaluation of Property, Plant and Equipment		0	0
Increases (Decreases) on Revaluation of Intangible assets		0	0
Increases (Decreases) on Revaluation of Right-of-use assets		0	0
Gains (Losses) on Remeasurements of Defined Benefit Plans	18	-21.375.965	-7.802.118
Other Revaluation Increases (Decreases)		0	0
Gains (Losses) Due to Change in Fair Value of Financial Liability Attributable to Change in Credit Risk of Liability		0	0
Gains (Losses) on Hedging Instruments that Hedge Investments in Equity Instruments		0	0
Share of Other Comprehensive Income of Investments Accounted for Using Equity Method that will not be Reclassified to Profit or Loss		0	0
Exchange Differences on Translation		0	0
Other Gains (Losses)		0	0
Other Accumulated Comprehensive Income (Loss) that will be Reclassified in Profit or Loss		0	0
Exchange Differences on Translation		0	0
Gains (Losses) on Hedge		0	0
Gains (Losses) on Cash Flow Hedges		0	0
Gains (Losses) on Hedges of Net Investment in Foreign Operations		0	0
Other Gains (Losses) on Hedge		0	0
Gains (Losses) on Revaluation and Reclassification		0	0
Gains (Losses) on Remeasuring and/or Reclassification of Available-for-sale Financial Assets		0	0
Gains (Losses) from Financial Assets Measured at Fair Value through Other Comprehensive Income		0	0
Other Gains (Losses) on Revaluation and Reclassification		0	0
Change in Value of Time Value of Options		0	0
Change in Value of Forward Elements of Forward Contracts		0	0
Change in Value of Foreign Currency Basis Spreads		0	0
Share of other comprehensive income of associates and joint ventures accounted for using equity method that will be reclassified to profit or loss		0	0
Other Gains (Losses)		0	0
Restricted Reserves Appropriated From Profits	18	71.561.347	47.838.946
Profit from Sales of Participation Shares or Property that will be Added to Share Capital	18	2.315.343	2.315.343
Legal Reserves	18	69.246.004	45.523.603
Prior Years' Profits or Losses		556.057.718	372.385.619
Current Period Net Profit Or Loss		705.019.197	379.019.989
Non-controlling interests		947.778	550.925
Total equity		**1.408.353.275**	**888.136.561**
Total Liabilities and Equity		**1.799.742.153**	**1.183.953.771**

Statement of Profit or Loss and Other Comprehensive Income

Presentation Currency	TL
Nature of Financial Statements	Consolidated

	Footnote Reference	Current Period 01.01.2022 - 31.12.2022	Previous Period 01.01.2021 - 31.12.2021
Statement of Profit or Loss and Other Comprehensive Income			
PROFIT (LOSS)			
Revenue	19	3.364.356.706	1.588.647.216
Cost of sales	19	-2.573.297.432	-1.166.395.954
GROSS PROFIT (LOSS) FROM COMMERCIAL OPERATIONS		791.059.274	422.251.262
Revenue from Finance Sector Operations		0	0
Cost of Finance Sector Operations		0	0
GROSS PROFIT (LOSS) FROM FINANCE SECTOR OPERATIONS		0	0
GROSS PROFIT (LOSS)		791.059.274	422.251.262
General Administrative Expenses	20	-45.061.551	-26.395.624
Marketing Expenses	20	-63.790.118	-38.143.366
Other Income from Operating Activities	22	121.649.159	90.492.360
Other Expenses from Operating Activities	22	-71.572.036	-66.570.699
PROFIT (LOSS) FROM OPERATING ACTIVITIES		732.284.728	381.633.933
Investment Activity Income	23	145.965.667	121.777.033
Investment Activity Expenses	23	-13.551.182	-8.846.263
Share of Profit (Loss) from Investments Accounted for Using Equity Method		0	0
PROFIT (LOSS) BEFORE FINANCING INCOME (EXPENSE)		864.699.213	494.564.703
Finance costs	24	-42.711.447	-23.704.515
PROFIT (LOSS) FROM CONTINUING OPERATIONS, BEFORE TAX		821.987.766	470.860.188
Tax (Expense) Income, Continuing Operations	25	-116.521.025	-91.479.451
Current Period Tax (Expense) Income	25	-148.333.001	-91.617.001
Deferred Tax (Expense) Income	25	31.811.976	137.550
PROFIT (LOSS) FROM CONTINUING OPERATIONS		705.466.741	379.380.737
PROFIT (LOSS)		705.466.741	379.380.737
Profit (loss), attributable to [abstract]			
Non-controlling Interests		447.544	360.748
Owners of Parent		705.019.197	379.019.989
Earnings per share [abstract]			
Earnings per share [line items]			
Basic earnings per share			
Basic Earnings (Loss) Per Share from Continuing Operations			
Sürdürülen Faaliyetlerden Pay Başına Kazanç	26	9,40025596	5,05359985
Diluted Earnings Per Share			
OTHER COMPREHENSIVE INCOME			
Other Comprehensive Income that will not be Reclassified to Profit or Loss	18	-13.573.847	-4.670.073
Gains (Losses) on Remeasurements of Defined Benefit Plans	18	-13.573.847	-4.670.073
Share of Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will not be Reclassified to Profit or Loss		0	0
Taxes Relating To Components Of Other Comprehensive Income That Will Not Be Reclassified To Profit Or Loss		0	0
Other Comprehensive Income That Will Be Reclassified to Profit or Loss		0	0
Exchange Differences on Translation of Foreing Operations		0	0
Gains (Losses) on Remeasuring or Reclassification Adjustments on Available-for-sale Financial Assets		0	0
Other Comprehensive Income (Loss) Related with Financial Assets Measured at Fair Value through Other Comprehensive Income		0	0
Other Comprehensive Income (Loss) Related with Cash Flow Hedges		0	0
Other Comprehensive Income (Loss) Related with Hedges of Net Investments in Foreign Operations		0	0
Change in Value of Time Value of Options		0	0
Change in Value of Forward Elements of Forward Contracts		0	0

Change in Value of Foreign Currency Basis Spreads		0	0
Share of Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will be Reclassified to Profit or Loss		0	0
Taxes Relating to Components of Other Comprehensive Income that will be Reclassified to Profit or Loss		0	0
OTHER COMPREHENSIVE INCOME (LOSS)		**-13.573.847**	**-4.670.073**
TOTAL COMPREHENSIVE INCOME (LOSS)		**691.892.894**	**374.710.664**
Total Comprehensive Income Attributable to			
Non-controlling Interests		447.544	360.748
Owners of Parent		691.445.350	374.349.916

Statement of cash flows (Indirect Method)

Presentation Currency	TL
Nature of Financial Statements	Consolidated

	Footnote Reference	Current Period 01.01.2022 - 31.12.2022	Previous Period 01.01.2021 - 31.12.2021
Statement of cash flows (Indirect Method)			
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		**270.473.456**	**399.219.813**
Profit (Loss)		705.466.741	379.380.737
Profit (Loss) from Continuing Operations		705.466.741	379.380.737
Adjustments to Reconcile Profit (Loss)		**209.341.862**	**125.982.471**
Adjustments for depreciation and amortisation expense	11,12,21	52.266.578	38.676.342
Adjustments for Impairment Loss (Reversal of Impairment Loss)		3.181.420	2.270.631
Adjustments for Impairement Loss (Reversal of Impairment Loss) of Receivables		-5.371.502	2.205.317
Adjustments for Impairment Loss (Reversal of Impairment Loss) of Other Financial Assets or Investments		0	0
Adjustments for Impairment Loss (Reversal of Impairment Loss) of Inventories		8.552.922	65.314
Adjustments for provisions		39.371.691	-6.104.107
Adjustments for (Reversal of) Provisions Related with Employee Benefits		37.605.580	-9.808.635
Adjustments for (Reversal of) General Provisions		0	0
Adjustments for (Reversal of) Free Provisions for Probable Risks		0	0
Adjustments for (Reversal of) Other Provisions		1.766.111	3.704.528
Adjustments for Interest (Income) Expenses		-1.682.293	117.939
Adjustments for Interest Income		-41.963.783	-20.826.028
Adjustments for interest expense	24	42.711.447	23.704.515
Deferred Financial Expense from Credit Purchases	22	19.384.905	7.792.013
Unearned Financial Income from Credit Sales	22	-21.814.862	-10.552.561
Adjustments for fair value losses (gains)		0	0
Adjustments for Undistributed Profits of Investments Accounted for Using Equity Method		0	0
Adjustments for Tax (Income) Expenses	25	116.521.025	91.479.451
Adjustments for losses (gains) on disposal of non-current assets		-316.559	-457.785
Adjustments for Losses (Gains) Arised From Sale of Tangible Assets		-316.559	-457.785
Changes in Working Capital		**-410.845.547**	**-31.745.002**
Adjustments for decrease (increase) in trade accounts receivable		-25.048.980	-84.515.250
Decrease (Increase) in Trade Accounts Receivables from Related Parties		-8.190.123	-6.317.971
Decrease (Increase) in Trade Accounts Receivables from Unrelated Parties		-16.858.857	-78.197.279
Adjustments for Decrease (Increase) in Other Receivables Related with Operations		-21.849.827	-322.088
Decrease (Increase) in Other Related Party Receivables Related with Operations		0	0
Decrease (Increase) in Other Unrelated Party Receivables Related with Operations		-21.849.827	-322.088
Adjustments for Decrease (Increase) in Contract Assets		0	0
Adjustments for decrease (increase) in inventories		-404.815.612	-42.654.478
Decrease (Increase) in Prepaid Expenses		-1.560.724	-37.858.137
Adjustments for increase (decrease) in trade accounts payable		96.235.298	108.198.398
Increase (Decrease) in Trade Accounts Payables to Related Parties		22.945	227
Increase (Decrease) in Trade Accounts Payables to Unrelated Parties		96.212.353	108.198.171
Increase (Decrease) in Employee Benefit Liabilities		4.558.225	961.432
Adjustments for Increase (Decrease) in Contract Liabilities		0	0
Adjustments for increase (decrease) in other operating payables		10.486.792	12.293.007
Increase (Decrease) in Other Operating Payables to Related Parties		33.471	17.930
Increase (Decrease) in Other Operating Payables to Unrelated Parties		10.453.321	12.275.077

Other Adjustments for Other Increase (Decrease) in Working Capital		-68.850.719	12.152.114
Decrease (Increase) in Other Assets Related with Operations		-68.850.719	12.152.114
Cash Flows from (used in) Operations		**503.963.056**	**473.618.206**
Interest paid		-62.958.733	-31.997.784
Interest received		21.665.924	11.162.872
Income taxes refund (paid)	25	-192.196.791	-53.563.481
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		**-137.337.881**	**-102.096.160**
Proceeds from sales of property, plant, equipment and intangible assets		339.163	807.140
Proceeds from sales of property, plant and equipment		339.163	807.140
Purchase of Property, Plant, Equipment and Intangible Assets		-170.947.550	-106.456.743
Purchase of property, plant and equipment	11	-169.582.726	-103.535.759
Purchase of intangible assets	12	-1.364.824	-2.920.984
Cash advances and loans made to other parties		0	0
Cash receipts from repayment of advances and loans made to other parties		-10.257.803	-17.378.071
Paybacks from Other Cash Advances and Loans Made to Other Parties		-10.257.803	-17.378.071
Interest received		43.528.309	20.931.514
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		**-172.740.140**	**-61.357.185**
Proceeds from Issuing Shares or Other Equity Instruments		0	0
Payments to Acquire Entity's Shares or Other Equity Instruments		0	0
Cash Inflows from Sale of Acquired Entity's Shares or Other Equity Instruments		0	0
Proceeds from borrowings		0	177
Proceeds from Loans		0	177
Proceeds from Other Financial Borrowings		0	0
Repayments of borrowings		-177	0
Loan Repayments		-177	0
Payments of Lease Liabilities		-1.063.783	-972.469
Dividends Paid		-171.676.180	-60.384.893
Interest paid		0	0
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES		-39.604.565	235.766.468
Net increase (decrease) in cash and cash equivalents		-39.604.565	235.766.468
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	4	**420.268.070**	**184.501.602**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	4	**380.663.505**	**420.268.070**

Statement of changes in equity [abstract]

Presentation Currency	TL
Nature of Financial Statements	Consolidated

		Footnote Reference	Equity																																																
			Equity attributable to owners of parent [member]																																															Non-controlling interests [member]	
														Other Accumulated Comprehensive Income That Will Not Be Reclassified In Profit Or Loss													Other Accumulated Comprehensive Income That Will Be Reclassified In Profit Or Loss																			Retained Earnings					
															Gains/Losses on Revaluation and Remeasurement [member]													Reserve Of Gains or Losses on Hedge				Gains (Losses) on Revaluation and Reclassification																			
			Issued Capital	Inflation Adjustments on Capital	Balancing Account for Merger Capital	Additional Capital Contribution of Shareholders	Capital Advance	Treasury Shares	Capital Adjustments due to Cross-Ownership	Share premiums or discounts	Effects of Combinations of Entities or Businesses Under Common Control	Put Option Revaluation Fund Related with Non-controlling Interests	Share Based Payments	Accumulated Gains (Losses) from Investments in Equity Instruments	Increases (Decreases) on Revaluation of Property, Plant and Equipment	Increases (Decreases) on Revaluation of Intangible Assets	Increases (Decreases) on Revaluation of Right-of-use Assets	Gains (Losses) on Remeasurements of Defined Benefit Plans	Other Revaluation Increases (Decreases)		Gains (Losses) Due to Change in Fair Value of Financial Liability Attributable to Change in Credit Risk of Liability	Gains (Losses) on Hedging Instruments that Hedge Investments in Equity Instruments	Share Of Other Comprehensive Income Of Associates And Joint Ventures Accounted for Using Equity Method that will not be Reclassified to Profit or Loss	Exchange Differences on Translation	Other Reserves Of Other Gains (Losses)		Exchange Differences on Translation	Cash Flow Hedges	Gains or Losses on Hedges of Net Investment in Foreign Operations	Other Gains or Losses on Hedge		Gains (Losses) on Remeasuring and/or Reclassification of Available-for-sale Financial Assets	Gains (Losses) from Financial Assets Measured at Fair Value through Other Comprehensive Income	Reserve of Other Remeasuring or Reclassification Adjustments		Change in Value of Time Value of Options	Change in Value of Forward Elements of Forward Contracts	Change in Value of Foreign Currency Basis Spreads	Share of Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method that will be Reclassified to Profit or Loss	Other Gains (Losses)		Restricted Reserves Appropriated From Profits [member]	Other equity interest [member]	Other reserves [member]	Advance Dividend Payments (Net)	Prior Years' Profits or Losses	Net Profit or Loss				
Previous Period 01.01.2021 - 31.12.2021	**Statement of changes in equity [abstract]**																																																
	Statement of changes in equity [line items]																																																
	Equity at beginning of period		75.000.000	21.135.671						7.529								-3.132.045		-3.132.045						-3.132.045					0										0	35.326.182				307.975.367	137.264.514	445.239.881	573.577.218	233.572	573.810.790
	Adjustments Related to Accounting Policy Changes		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Adjustments Related to Required Changes in Accounting Policies																			0						0					0										0					0	0	0	0		0
	Adjustments Related to Voluntary Changes in Accounting Policies																			0						0					0										0							0	0		0
	Adjustments Related to Errors																			0						0					0										0							0	0		0
	Other Restatements																			0						0					0										0							0	0		0
	Restated Balances		75.000.000	21.135.671	0	0	0	0	0	7.529	0	0	0	0	0	0	0	-3.132.045	0	-3.132.045	0	0	0	0	0	-3.132.045	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	35.326.182	0	0	0	307.975.367	137.264.514	445.239.881	573.577.218	233.572	573.810.790
	Transfers																			0						0					0										0	12.512.764				124.751.750	-137.264.514	-12.512.764	0		0
	Total Comprehensive Income (Loss)																			0						0					0										0							0	0		0
	Profit (loss)																			0						0					0										0						379.019.989	379.019.989	379.019.989	360.748	379.380.737
	Other Comprehensive Income (Loss)																	-4.670.073		-4.670.073						-4.670.073					0										0							0	-4.670.073		-4.670.073
	Issue of equity																			0						0					0										0							0	0		0
	Capital Decrease																			0						0					0										0							0	0		0
	Capital Advance																			0						0					0										0							0	0		0
	Effect of Merger or Liquidation or Division																			0						0					0										0							0	0		0
	Effects of Business Combinations Under Common Control																			0						0					0										0							0	0		0
	Advance Dividend Payments																			0						0					0										0							0	0		0
	Dividends Paid																			0						0					0										0					-60.341.498		-60.341.498	-60.341.498	-43.395	-60.384.893
	Decrease through Other Distributions to Owners																			0						0					0										0							0	0		0
	Increase (Decrease) through Treasury Share Transactions																			0						0					0										0							0	0		0
	Increase (Decrease) through Share-Based Payment Transactions																			0						0					0										0							0	0		0
	Acquisition or Disposal of a Subsidiary																			0						0					0										0							0	0		0
	Increase (decrease) through changes in ownership interests in subsidiaries that do not result in loss of control, equity																			0						0					0										0							0	0		0
	Transactions with noncontrolling shareholders																			0						0					0										0							0	0		0
	Increase through Other Contributions by Owners																			0						0					0										0							0	0		0
	Amount Removed from Reserve of Cash Flow Hedges and Included in Initial Cost or Other Carrying Amount of Non-Financial Asset (Liability) or Firm Commitment for which Fair Value Hedge Accounting is Applied																			0						0					0										0							0	0		0
	Amount Removed from Reserve of Change in Value of Time Value of Options and Included in Initial Cost or Other Carrying Amount of Non-Financial Asset (Liability) or Firm Commitment for which Fair Value Hedge Accounting is Applied																			0						0					0										0							0	0		0
	Amount Removed from Reserve of Change in Value of Forward Elements of Forward Contracts and Included in Initial Cost or Other Carrying Amount of Non-Financial Asset (Liability) or Firm Commitment for which Fair Value Hedge Accounting is Applied																			0						0					0										0							0	0		0
	Amount Removed from Reserve of Change in Value of Foreign Currency Basis Spreads and Included in Initial Cost or Other Carrying Amount of Non-Financial Asset (Liability) or Firm Commitment for which fair Value Hedge Accounting is Applied																			0						0					0										0							0	0		0
	Increase (decrease) through other changes, equity																			0						0					0										0							0	0		0
	Equity at end of period		75.000.000	21.135.671	0	0	0	0	0	7.529	0	0	0	0	0	0	0	-7.802.118	0	-7.802.118	0	0	0	0	0	-7.802.118	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	47.838.946	0	0	0	372.385.619	379.019.989	751.405.608	887.585.636	550.925	888.136.561
	Statement of changes in equity [abstract]																																																
	Statement of changes in equity [line items]																																																
	Equity at beginning of period		75.000.000	21.135.671						7.529								-7.802.118		-7.802.118						-7.802.118					0										0	47.838.946				372.385.619	379.019.989	751.405.608	887.585.636	550.925	888.136.561
	Adjustments Related to Accounting Policy Changes		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Adjustments Related to Required Changes in Accounting Policies																			0						0					0										0					0	0	0	0		0
	Adjustments Related to Voluntary Changes in Accounting Policies																			0						0					0										0							0	0		0
	Adjustments Related to Errors																			0						0					0										0							0	0		0
	Other Restatements																			0						0					0										0							0	0		0
	Restated Balances		75.000.000	21.135.671	0	0	0	0	0	7.529	0	0	0	0	0	0	0	-7.802.118	0	-7.802.118	0	0	0	0	0	-7.802.118	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	47.838.946	0	0	0	372.385.619	379.019.989	751.405.608	887.585.636	550.925	888.136.561
	Transfers		0	0																0						0					0										0	23.722.401				355.297.588	-379.019.989	-23.722.401	0		0
	Total Comprehensive Income (Loss)																			0						0					0										0							0	0		0
	Profit (loss)																			0						0					0										0						705.019.197	705.019.197	705.019.197	447.544	705.466.741
	Other Comprehensive Income (Loss)																	-13.573.847		-13.573.847						-13.573.847					0										0							0	-13.573.847		-13.573.847
	Issue of equity																			0						0					0										0							0	0		0
	Capital Decrease																			0						0					0										0							0	0		0
	Capital Advance																			0						0					0										0							0	0		0
	Effect of Merger or Liquidation or Division																			0						0					0										0							0	0		0
	Effects of Business Combinations Under Common Control																			0						0					0										0							0	0		0

	Advance Dividend Payments																			0						0					0										0							0	0		0
Current Period 01.01.2022 - 31.12.2022	Dividends Paid																			0						0					0										0					-171.625.489		-171.625.489	-171.625.489	-50.691	-171.676.180
	Decrease through Other Distributions to Owners																			0						0					0										0							0	0		0
	Increase (Decrease) through Treasury Share Transactions																			0						0					0										0							0	0		0
	Increase (Decrease) through Share-Based Payment Transactions																			0						0					0										0							0	0		0
	Acquisition or Disposal of a Subsidiary																			0						0					0										0							0	0		0
	Increase (decrease) through changes in ownership interests in subsidiaries that do not result in loss of control, equity																			0						0					0										0							0	0		0
	Transactions with noncontrolling shareholders																			0						0					0										0							0	0		0
	Increase through Other Contributions by Owners																			0						0					0										0							0	0		0
	Amount Removed from Reserve of Cash Flow Hedges and Included in Initial Cost or Other Carrying Amount of Non-Financial Asset (Liability) or Firm Commitment for which Fair Value Hedge Accounting is Applied																			0						0					0										0							0	0		0
	Amount Removed from Reserve of Change in Value of Time Value of Options and Included in Initial Cost or Other Carrying Amount of Non-Financial Asset (Liability) or Firm Commitment for which Fair Value Hedge Accounting is Applied																			0						0					0										0							0	0		0
	Amount Removed from Reserve of Change in Value of Forward Elements of Forward Contracts and Included in Initial Cost or Other Carrying Amount of Non-Financial Asset (Liability) or Firm Commitment for which Fair Value Hedge Accounting is Applied																			0						0					0										0							0	0		0
	Amount Removed from Reserve of Change in Value of Foreign Currency Basis Spreads and Included in Initial Cost or Other Carrying Amount of Non-Financial Asset (Liability) or Firm Commitment for which fair Value Hedge Accounting is Applied																			0						0					0										0							0	0		0
	Increase (decrease) through other changes, equity																			0						0					0										0							0	0		0
	Equity at end of period		**75.000.000**	**21.135.671**	**0**	**0**	**0**	**0**	**0**	**7.529**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**-21.375.965**	**0**	**-21.375.965**	**0**	**0**	**0**	**0**	**0**	**-21.375.965**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**71.561.347**	**0**	**0**	**0**	**556.057.718**	**705.019.197**	**1.261.076.915**	**1.407.405.497**	**947.778**	**1.408.353.275**

KARTONSAN KARTON SANAYİ VE TİCARET ANONİM ŞİRKETİ

CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2022 TOGETHER WITH THE INDEPENDENT AUDITORS' REPORT

(CONVENIENCE TRANSLATION INTO ENGLISH OF THE INDEPENDENT AUDITORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)

COVENIENCE 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 (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2022, 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 2022 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 matters	**How the matter was addressed in our audit**
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. 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 prepare and comparing the year-end inventory

	counts indicate that whether there were inventories that had not moved or been damaged for a long time, -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, -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 matters	**How the matter was addressed in our audit**
The consolidated financial statements as of 31 December 2022 include property, plant and equipment with carrying values of TL 419.739.507. Depreciation is provided for property, plant and equipment on a straight-line basis over their estimated useful lives for property, plant and equipment and 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 and 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 estimates and assumptions. We have examined 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 accounting for property, plant and equipment as a result of these procedures.

Revenue	
Please refer to notes 2.5 and 19 to the consolidated financial statements.	
Key audit matters	**How the matter was addressed in our audit**
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 31 December 2022 include revenue with the carrying value of TL 3.364.356.706 which is recognised in "revenue" item under consolidated statement of profit or loss and other comprehensive income.	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. -We have evaluated 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.

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.

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 01 March 2023.

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 2022 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 responsible for the audit resulting in this independent auditor's report is Metin Etkin.

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

Metin Etkin
Partner
İstanbul, 01 March 2023

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KARTONSAN KARTON SANAYİ VE TİCARET A.Ş.

CONSOLIDATED BALANCE SHEETS
AS AT 31 DECEMBER 2022 AND 2021
(Amounts on tables expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	Audited current period 31 December 2022	Audited prior period 31 December 2021
ASSETS			
Current Assets			
Cash and Cash Equivalents	4	379.452.742	420.621.833
Trade Receivables	5-6	204.725.341	174.155.921
- Related Parties	*5*	*18.944.915*	*10.754.792*
- Third Parties	*6*	*185.780.426*	*163.401.129*
Other Receivables	8	22.992.754	1.151.294
- Third Parties	*8*	*22.992.754*	*1.151.294*
Inventories	9	567.758.084	171.495.394
Prepaid Expenses	5-17	52.739.425	51.178.701
- Related Parties	*5*	*12.604.023*	*13.987.543*
- Third Parties	*17*	*40.135.402*	*37.191.158*
Other Current Assets	*17*	43.430.960	372.208
- Third Parties	*17*	*43.430.960*	*372.208*
Total Current Assets		**1.271.099.306**	**818.975.351**
Non-Current Assets			
Other Receivables	8	33.550	25.183
- Third Parties	8	*33.550*	*25.183*
Investment Properties	10	229.270	229.270
Property, Plant and Equipment	11	419.739.507	300.334.864
- Land		*24.059.097*	*24.059.097*
- Land improvements		*9.762.182*	*6.725.351*
- Buildings		*51.951.240*	*40.939.968*
- Plant, machinery and equipment		*312.173.165*	*214.719.438*
- Motor vehicles		*1.026.117*	*1.230.912*
- Furniture and fixtures		*16.805.902*	*11.200.915*
- Leasehold improvements		*63.512*	*82.497*
- Constructions in progress		*1.692.288*	*670.815*
- Other property, plant and equipment		*2.206.004*	*705.871*
Right of Use Assets	12	3.978.805	5.480.627
Intangible Assets	12	5.686.501	5.100.683
- Other Intangible Assets		*5.686.501*	*5.100.683*
Prepaid Expenses	17	38.448.181	28.190.378
- Third Parties		*38.448.181*	*28.190.378*
Deferred Tax Assets	25	60.527.033	25.617.415
Total Non-Current Assets		**528.642.847**	**364.978.420**
TOTAL ASSETS		**1.799.742.153**	**1.183.953.771**

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

KARTONSAN KARTON SANAYİ VE TİCARET A.Ş.

CONSOLIDATED BALANCE SHEETS
AS AT 31 DECEMBER 2022 AND 2021

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

	Notes	Audited current period 31 December 2022	Audited prior period 31 December 2021
LIABILITIES			
Current Liabilities			
Short-term borrowings	5-7	1.235.916	1.127.709
- Related parties	5-7	*203.763*	*233.819*
- Lease liabilities	5-7	*203.763*	*233.819*
- Third parties	7	1.032.153	893.890
- Bank borrowings	7	*0*	*177*
- Lease liabilities	7	*1.032.153*	*893.713*
Trade payables	5-6	283.530.042	188.157.125
- Related parties	5	*83.024*	*60.079*
- Third parties	6	*283.447.018*	*188.097.046*
Employee benefits	16	8.805.921	4.247.696
Other payables	5-8	27.746.913	17.260.121
- Related parties	5	*89.852*	*56.381*
- Third parties	8	*27.657.061*	*17.203.740*
Current income tax liabilities	25	1.884.316	45.748.106
Short-term provisions	14-16	14.357.299	8.216.818
- Short-Term Provisions for Employee Benefits	16	6.196.139	1.821.769
- Other Short Term Provisions	14	8.161.160	6.395.049
Total Current Liabilities		**337.560.407**	**264.757.575**
Non-Current Liabilities			
Long-Term Borrowings	5-7	3.803.958	5.145.854
- Related parties	5-7	3.491.078	4.147.419
- Lease liabilities	5-7	*3.491.078*	*4.147.419*
- Third parties	7	312.880	998.435
- Lease liabilities	7	*312.880*	*998.435*
Long-Term Provisions	16	47.563.745	23.157.194
- Long-Term Provisions for Employee Benefits	16	*47.563.745*	*23.157.194*
Deferred tax liabilities	25	2.460.768	2.756.587
Total Non-Current Liabilities		**53.828.471**	**31.059.635**
EQUITY			
Equity Holders of the Parent		**1.407.405.497**	**887.585.636**
Paid in Share Capital	*18*	75.000.000	75.000.000
Adjustment to Share Capital	*18*	21.135.671	21.135.671
Share Premium		7.529	7.529
Other Comprehensive Income or Expenses not to be Reclassified to Profit or Loss	*18*	(21.375.965)	(7.802.118)
-Gains/(losses) on remeasurements of defined benefit plans	*18*	(21.375.965)	(7.802.118)
Restricted Reserves	*18*	71.561.347	47.838.946
- Gains on Disposal of Subsidiaries or Property, Plant and Equipment and Intangible Assets	*18*	2.315.343	2.315.343
-Legal Reserves	*18*	69.246.004	45.523.603
Retained Earnings		556.057.718	372.385.619
Profit of the Period		705.019.197	379.019.989
Non-Controlling Interests		**947.778**	**550.925**
Total Equity		**1.408.353.275**	**888.136.561**
TOTAL LIABILITIES AND EQUITY		**1.799.742.153**	**1.183.953.771**

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

KARTONSAN KARTON SANAYİ VE TİCARET A.Ş.

CONSOLIDATED STATEMENTS OF INCOME AND OTHER COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2022 AND 2021
(Amounts on tables expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	Audited current period 1 January - 31 December 2022	Audited prior period 1 January - 31 December 2021
Revenue	19	3.364.356.706	1.588.647.216
Cost of Sales (-)	19	(2.573.297.432)	(1.166.395.954)
Gross profit from non-finance sector operations		**791.059.274**	**422.251.262**
Gross Profit		**791.059.274**	**422.251.262**
General Administrative Expenses (-)	20	(45.061.551)	(26.395.624)
Marketing Expenses (-)	20	(63.790.118)	(38.143.366)
Other Operating Income	22	121.649.159	90.492.360
Other Operating Expenses (-)	22	(71.572.036)	(66.570.699)
OPERATING PROFIT		**732.284.728**	**381.633.933**
Gains from Investment Activities	23	145.965.667	121.777.033
Losses from Investment Activities (-)	23	(13.551.182)	(8.846.263)
OPERATING PROFIT BEFORE FINANCIAL INCOME/EXPENSE		**864.699.213**	**494.564.703**
Financial Expenses (-)	24	(42.711.447)	(23.704.515)
PROFIT BEFORE TAX		**821.987.766**	**470.860.188**
Tax income/(expense)	25	**(116.521.025)**	**(91.479.451)**
- Current period tax expense	25	(148.333.001)	(91.617.001)
- Deferred tax income/expense	25	31.811.976	137.550
PROFIT FOR THE PERIOD FROM CONTIUING OPERATIONS		**705.466.741**	**379.380.737**
PROFIT FOR THE PERIOD		**705.466.741**	**379.380.737**
Attributable to:		**705.466.741**	**379.380.737**
-Non-Controlling Interests		447.544	360.748
-Equity Holders of the Parent		705.019.197	379.019.989
Earnings Per Share	26		
Earnings Per Share from Continuing Operations	26	9.40025596	5.05359985
Other Comprehensive Income:			
Items not to be reclassified to profit/loss	18	(13.573.847)	(4.670.073)
-Gains/(losses) on remeasurements of defined benefit plans	18	(13.573.847)	(4.670.073)
Other Comprehensive Income		**(13.573.847)**	**(4.670.073)**
Total Comprehensive Income		**691.892.894**	**374.710.664**
Attributable to:		**691.892.894**	**374.710.664**
-Non-Controlling Interests		447.544	360.748
-Equity Holders of the Parent		691.445.350	374.349.916

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 2022 AND 2021

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

Prior period - 31 December 2021 (Audited)

	Paid-in share capital	Adjustment to share capital	Share premium	Items not to be reclassified to profit or loss Gains/(losses) on remeasurement of defined benefit plans	Retained earnings Restricted reserves	Retained earnings Prior years income	Retained earnings Profit for the Period	Equity holders of the parent	Non-controlling interests	Total Equity
Balances at 1 January 2021 (Beginning of the period)	**75.000.000**	**21.135.671**	**7.529**	**(3.132.045)**	**35.326.182**	**307.975.367**	**137.264.514**	**573.577.218**	**233.572**	**573.810.790**
Transfers	-	-	-	-	12.512.764	124.751.750	(137.264.514)	-	-	-
Total comprehensive income	-	-	-	(4.670.073)	-	-	379.019.989	374.349.916	360.748	374.710.664
Dividends paid					-	(60.341.498)	-	(60.341.498)	(43.395)	(60.384.893)
Balances at 31 December 2021 (End of the period)	**75.000.000**	**21.135.671**	**7.529**	**(7.802.118)**	**47.838.946**	**372.385.619**	**379.019.989**	**887.585.636**	**550.925**	**888.136.561**

Current period - 31 December 2022 (Audited)

	Paid-in share capital	Adjustment to share capital	Share premium	Items not to be reclassified to profit or loss Gains/(losses) on remeasurement of defined benefit plans	Retained earnings Restricted reserves	Retained earnings Prior years income	Retained earnings 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**	**21.135.671**	**7.529**	**(7.802.118)**	**47.838.946**	**372.385.619**	**379.019.989**	**887.585.636**	**550.925**	**888.136.561**
Transfers	-	-	-	-	23.722.401	355.297.588	(379.019.989)	-	-	-
Total comprehensive income	-	-	-	(13.573.847)	-	-	705.019.197	691.445.350	447.544	691.892.894
Dividends paid					-	(171.625.489)	-	(171.625.489)	(50.691)	(171.676.180)
Balances at 31 December 2022 (End of the period)	**75.000.000**	**21.135.671**	**7.529**	**(21.375.965)**	**71.561.347**	**556.057.718**	**705.019.197**	**1.407.405.497**	**947.778**	**1.408.353.275**

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

KARTONSAN KARTON SANAYİ VE TİCARET A.Ş.

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2022 AND 2021

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

	Notes	Audited Current period 31 December 2022	Audited Prior period 31 December 2021
CASH FLOWS FROM OPERATING ACTIVITIES		**270.473.456**	**399.219.813**
Profit for the period		**705.466.741**	**379.380.737**
Profit for the period from continuing operations		705.466.741	379.380.737
Adjustments to reconcile profit for the period to cash generated from operating activities:		**209.341.862**	**125.982.471**
Depreciation and amortisation	11,12,21	52.266.578	38.676.342
Adjustments for Impairment (Reversal)		**3.168.824**	**2.270.631**
Adjustments for Receivables Impairment (Reversal)		(5.371.502)	2.205.317
Adjustments for Inventory Impairment (Reversal)		8.552.922	65.314
Adjustments for Provisions		**39.371.691**	**(6.104.107)**
Adjustments for Provision for Employee Benefits (Reversal)		37.605.580	(9.808.635)
Adjustment for free provisions for potential risks (Reversal)		-	-
Adjustments for Other Provisions (Reversal)		1.766.111	3.704.528
Adjustments for interest income and expenses		**(1.682.293)**	**117.939**
Adjustments for Interest Income		(41.963.783)	(20.826.028)
Adjustments for Interest Expenses	24	42.711.447	23.704.515
Deferred financial expense arising from term purchases	22	19.384.905	7.792.013
Unearned finance income from term sales	22	(21.814.862)	(10.552.561)
Adjustments for tax income/expense	**25**	116.521.025	91.479.451
Adjustments for losses/(gains) on disposal of non-current assets		**(316.559)**	**(457.785)**
Adjustments for losses/(gains) on disposal of property, plant and equipment		(316.559)	(457.785)
Changes in working capital		**(410.845.547)**	**(31.745.002)**
Adjustments for Gains/Losses on Trade Receivables		**(25.048.980)**	**(84.515.250)**
Related parties		(8.190.123)	(6.317.971)
Third parties		(16.858.857)	(78.197.279)
Adjustments for Gains/Losses on Other Receivables Related to Operations		**(21.849.827)**	**(322.088)**
Third parties		(21.849.827)	(322.088)
Adjustments for Gains/Losses on Inventories		(404.815.612)	(42.654.478)
Adjustments for gains (losses) in prepaid expenses		(1.560.724)	(37.858.137)
Adjustments for Gains/Losses on Trade Payables		**96.235.298**	**108.198.398**
Related parties		22.945	227
Third parties		96.212.353	108.198.171
Adjustments for gains (losses) in payables due to employee benefits		4.558.225	961.432
Adjustments for Gains/Losses In Other Payables Related to Operations		**10.486.792**	**12.293.007**
Related parties		33.471	17.930
Third parties		10.453.321	12.275.077
Adjustments for other changes in working capital		**(68.850.719)**	**12.152.114**
Changes in other assets related to operations		(68.850.719)	12.152.114
Total Cash Flows from Operating Activities		**503.963.056**	**473.618.206**
Interest paid		(62.958.733)	(31.997.784)
Interest received		21.665.924	11.162.872
Income taxes refund/(paid)	25	(192.196.791)	(53.563.481)
CASH FLOWS FROM INVESTING ACTIVITIES		**(137.337.881)**	**(102.096.160)**
Cash Inflows from Sale of Property, Plant and Equipment and Intangible Assets		**339.163**	**807.140**
Cash Inflows from Sale of Property, Plant and Equipment		339.163	807.140
Cash Outflows from Purchase of Property, Plant and Equipment and Intangible Assets		**(170.947.550)**	**(106.456.743)**
Cash Outflows from Purchase of Property, Plant and Equipment	11	(169.582.726)	(103.535.759)
Cash Outflows from Purchase of Intangible Assets	12	(1.364.824)	(2.920.984)
Repayments of cash advance and debts given		**(10.257.803)**	**(17.378.071)**
Repayments from other cash advance and debts given		(10.257.803)	(17.378.071)
Interest received		43.528.309	20.931.514
CASH FLOWS FROM FINANCING ACTIVITES		**(172.740.140)**	**(61.357.185)**
Cash inflows from borrowings		-	177
Cash outflows from repayments of borrrowings		**(177)**	**-**
Cash outflows from repayments of loans		(177)	-
Cash outflows from payments of lease liabilities		(1.063.783)	(972.469)
Dividends paid		(171.676.180)	(60.384.893)
NET INCREASE/ DECREASE IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES		**(39.604.565)**	**235.766.468**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(39.604.565)**	**235.766.468**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	4	420.268.070	184.501.602
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	4	380.663.505	420.268.070

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 AS (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 ("CMB"), and its shares have been quoted on the Borsa Istanbul AS ("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 Group companies (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 2022 and 2021, 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 2022**	**31 December 2021**
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 referred as the "Group".

Total end of period and average number of personnel employed by Kartonsan except for subcontractors is 301 (31 December 2021: 299).

These consolidated financial statements as of and for the year ended 31 December 2022 have been approved for issue by the Board of Directors ("BOD") on 01 March 2023 numbered YK/2023-05 and on behalf of the Board of Directors which was signed by 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 June 2, 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 April 15, 2019.

2.1.1.1 Adjustments of financial statements in hyperinflationary economies

In accordance with the statement made by the Public Oversight, Accounting and Auditing Standards Authority on January 20, 2022, since the cumulative change in the general purchasing power of the last three years according to the Consumer Price Index ("CPI") is 74.41%, it has been stated that there is no need to make any adjustments within the scope of TAS 29 "Financial Reporting in Hyperinflationary Economies". As of the preparation date of these financial statements, no new announcement has been made by the Public Oversight Authority in 2022. In this respect, while preparing the financial statements as of 31 December 2022, no inflation adjustment was made according to TAS 29.

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

Basis of Consolidation

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 balance sheets and income statements 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 balance sheet and income statement as “non-controlling interests”.

As of 31 December 2022 and 2021, the subsidiaries included in the consolidation scope of Kartonsan is as follows:

	Effective Ownership Interest held by Kartonsan							
	31 December 2022				31 December 2021			
Subsidiaries	Share Capital	Proportion of Effective Interest	Direct and Indirect Ownership Interest held by Kartonsan	Total Ownership Interest	Share Capital	Proportion of Effective Interest	Direct and Indirect Ownership Interest held by Kartonsan	Total Ownership Interest
Selka	1.250.000	99.37%	99.37%	99.37%	1.250.000	99.37%	99.37%	99.37%
Dönkasan	4.000.000	100.00%	100.00%	100.00%	4.000.000	100.00%	100.00%	100.00%

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 balance sheet, 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.

(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 (continued)

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 recorded, these differences may have an effect 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 following 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 toTL 139.662.402.

	31 December 2022 Deferred Tax Asset	**31 December 2021 Deferred Tax Asset**
Beginning of the Period – 1 January	**33.471.316**	**28.520.568**
Investment Discount Indexing	41.146.290	10.324.445
Spending Amount/Adjustment	-	-
Utilized as Tax Discount	(7.834.915)	(5.373.697)
End of the period – 31 December	**66.782.691**	**33.471.316**

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 18.10.2018 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

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

2.1.5 Significant Accounting Judgements, Estimates and Assumptions (continued)

-
- 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 2017-2021).

The total sum of expenditures envisaged to be incurred pursuant to the incentive certificate numbered B137821 of 18.10.2018 is equals to TL 130.138.000 whereas the sum of expenditures having been incurred during the period is equals to TL 48.472.691 and the total sum of expenditures having been incurred is equals to TL 115.791.487. The Group has been benefited from aforementioned government grants regarding the expenditures and the tax exemption amounting to TL 14.541.807 on corporation 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 2023.

2.2 New and Revised Turkish Financial Reporting Standards

New and revised standards and interpretations

The accounting policies adopted in preparation of the consolidated financial statements as at 31 December 2022 are consistent with those of the previous financial year, except for the adoption of new and amended Turkish Accounting Standards ("TAS")/TFRS and ("TAS")/TFRS interpretations effective as of 1 January 2022. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

a) The new standards, amendments and interpretations and interpretations to the existing previous standards which are effective from 31 December 2022 are as follows:

Interest Rate Benchmark Reform – Phase 2 – Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16

In December 2020, the POA issued Interest Rate Benchmark Reform – Phase 2, Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16 to provide temporary reliefs which address the financial reporting effects when an interbank offering rate (IBOR) is replaced with an alternative nearly risk-free rate (RFR, amending the followings. The amendments are effective for periods beginning on or after 1 January 2021.Earlier application is permitted.

Amendments include the following matters:

Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform

The amendments include a practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest. Under this practical expedient, if the interest rates applicable to financial instruments change as a result of the IBOR reform, the situation is not considered as a derecognition or contract modification; instead, this would be determined by recalculating the carrying amount of the financial instrument using the original effective interest rate to discount the revised contractual cash flows.

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

2.2 New and Revised Turkish Financial Reporting Standards (continued)

The practical expedient is required for entities applying TFRS 4 Insurance Contracts that are using the exemption from TFRS 9 Financial Instruments (and, therefore, apply TAS 39 Financial Instruments: Classification and Measurement) and for TFRS 16 Leases, to lease modifications required by IBOR reform.

Relief from discontinuing hedging relationships

- The amendments permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.

- Amounts accumulated in the cash flow hedge reserve are deemed to be based on the RFR.

- For the TAS 39 assessment of retrospective hedge effectiveness, on transition to an RFR, entities may elect on a hedge-by-hedge basis, to reset the cumulative fair value changes to zero.

a) The new standards, amendments and interpretations and interpretations to the existing previous standards which are effective from 31 December 2022 are as follows: (continued)

- The amendments provide relief for items within a designated group of items (such as those forming part of a macro cash flow hedging strategy) that are amended for modifications directly required by IBOR reform. The reliefs allow the hedging strategy to remain and not be discontinued.

- As instruments transition to RFRs, a hedging relationship may need to be modified more than once. The phase two reliefs apply each time a hedging relationship is modified as a direct result of IBOR reform.

Separately identifiable risk components

The amendments provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

Additional disclosures

Amendments need additional TFRS 7 Financial Instruments disclosures such as;

How the entity is managing the transition to RFRs, its progress and the risks to which it is exposed arising from financial instruments due to IBOR reform, quantitative information about financial instruments that have yet to transition to RFRs and If IBOR reform has given rise to changes in the entity’s risk management strategy, a description of these changes in notes to the financial statements.

The amendments did not have a significant material impact on the financial position or performance of the Group.

Amendments to TFRS 4 Extension of the Temporary Exemption from Applying TFRS 9

The amendment changes the fixed expiry date for the temporary exemption in TFRS 4 Insurance Contracts from applying TFRS 9, so that entities would be required to apply TFRS 9 for annual periods beginning on or after 1 January 2023 with the deferral of the effective date of TFRS 17.

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

2.2 New and Revised Turkish Financial Reporting Standards (continued)

b) Standards and amendments issued but not yet effective and not early yet adopted as of 31 December 2022

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 be affecting the consolidated financial statements and disclosures, when the new standards and interpretations become effective.

TFRS 17 - The New Standard for Insurance Contracts

The POA issued TFRS 17 in February 2019, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. TFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. Certain changes in the estimates of future cash flows and the risk adjustment are also recognised over the period that services are provided. Entities will have an option to present the effect of changes in discount rates either in profit and loss or in OCI. The standard includes specific guidance on measurement and presentation for insurance contracts with participation features. TFRS 17 will become effective for annual reporting periods beginning on or after 1 January 2023; early application is permitted for the entities applied TFRS 9 Financial Instruments and TFRS 15 Revenue from Contracts with Customers standards.

In accordance with amendments issued by POA in December 2021, entities have transition option for a "classification overlay" to avoid possible accounting mismatches between financial assets and insurance contract liabilities in the comparative information presented on initial application of TFRS 17. The Group is assessing the potential significant material impact of the amendments on financial position or performance of the Group.

The POA issued TFRS 17 in February 2019, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. TFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. TFRS 17 will be applied for annual reporting periods beginning on or after January 1, 2023. Early application is permitted. The Group is assessing the potential significant material impact of the amendments on financial position or performance of the Group.

Amendments to TAS 1 - Classification of Liabilities as Current or Non-current

On January 15, 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 assessing the potential significant material impact of the amendments on financial position or performance of the Group.

Amendments to TAS 8 - Definition of Accounting Estimates

In August 2021, the POA issued amendments to TAS 8, in which it introduces a new definition of "accounting estimates". The amendments issued to TAS 8 are effective for annual periods beginning on or after 1 January 2023.

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

2.2 New and Revised Turkish Financial Reporting Standards (continued)

b) Standards and amendments issued but not yet effective and not early yet adopted as of 31 December 2022 (continued)

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 Group is assessing the potential significant material impact of the amendments on 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 narrow 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 issued to TAS 12 are effective for annual periods beginning on or after 1 January 2023. 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 recognised 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 Group is assessing the potential significant material impact of the amendments on financial position or performance of the Group.

Amendments to TFRS 16 – Sale and Leaseback Transactions

The amendments are effective for annual reporting periods beginning on or after 1 January 2024. The amendments to TFRS 16 add to requirements explaining 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.

2.3 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 previous periods Group’s consolidated financial statements are adjusted.

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

2.4 Changes in Accounting Estimates and Errors

Changes made in the accounting policies and corrections 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 January 1 - 31 December 2022 are consistent with the estimates used in the preparation of the consolidated financial statements for the period January 1 - 31 December 2021. If any material changes in accounting policies or material errors are corrected, changes are applied retrospectively by restating the prior period consolidated financial statements.

2.5 Summary of Significant Accounting Policies

Offsetting

Financial assets and liabilities are offset, and the net amount is reported in the balance sheet 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 “Revenue from Contracts with Customers” standard

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-stage 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.

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

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

2.5 Summary of Significant Accounting Policies (continued)

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 includes; 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).

Property, Plant and Equipment and Related Depreciation

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

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

Type	2022 Rate (%)	2021 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/losses from investing activities" in the current period. Repairs and maintenance expenses are charged to the income statements 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).

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

2.5 Summary of Significant Accounting Policies (continued)

Intangible assets and Related Amortisation

Intangible assets mainly includes software rights, 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 rates are 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.

Impairment of Assets (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

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,

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

2.5 Summary of Significant Accounting Policies (continued)

Leases (continued)

(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.

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:

Right-of-use asset (continued)

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.

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

2.5 Summary of Significant Accounting Policies (continued)

Leases (continued)

The Group applies the depreciation requirements in TAS 16 Property, Plant and Equipment standard 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 standard to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Lease liability

At the commencement date, the 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,

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, 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.

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

2.5 Summary of Significant Accounting Policies (continued)

Leases (continued)

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.

(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.

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

2.5 Summary of Significant Accounting Policies (continued)

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. Exchange gains or losses arising from the settlement and translation of foreign currency items have been included in the consolidated income statement.

Earnings Per Share

Earnings per share disclosed in the consolidated income statement 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 reporting period are those events, which occur between the balance sheet date and the date when the financial statements are authorized for issue. The Group adjusts the amounts recognised in consolidated financial statements to reflect the adjusting events after the balance sheet date. If non-adjusting events after the balance sheet date have material influence on the economic decisions of users of the financial statements, they are disclosed in the notes to the consolidated financial statements (Note 29).

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 set forth 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 statement of financial position date, taking into account the risks and uncertainties surrounding the obligation.

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

2.5 Summary of Significant Accounting Policies (continued)

Provisions, Contingent Liabilities and Contingent Assets (continued)

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 reliably calculated (Note 14 and 15).

Related Parties

For the purpose of these consolidated financial statements, shareholders, parents of Kartonsan A.Ş, 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 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).

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).

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

2.5 Summary of Significant Accounting Policies (continued)

Current Tax

Current year tax liability is calculated over the taxable profit for the period. Taxable profit differs from profit as reported in the income statement 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(continued)

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)

2.5 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 income statement. 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 their fair values in the consolidated statement of financial position. The cash and cash equivalents comprises cash in 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.

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

2.5 Summary of Significant Accounting Policies (continued)

In the event that investment properties are not used or sold, they are written off the balance sheet. Gains or losses arising from the sale of these properties are recognized in the consolidated statement of income (Note 10).

Capital and Dividends

Ordinary shares are classified as equity. Dividends on ordinary shares are recognized in equity 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” standard, Financial Assets Measured at Fair Value Through Profit or Loss, Financial Assets Measured at Fair Value Through Other Comprehensive Income and Financial Assets Measured at Amortized Cost as of 1 January 2018.

Financial Instruments (continued)

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 measured at fair value through profit or loss

Financial assets measured 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 measured 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 measured at amortized cost

“Financial assets measured 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 measured at amortised cost are accounted for under the statement of income.

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

2.5 Summary of Significant Accounting Policies (continued)

c) Financial assets measured at fair value through other comprehensive income

"Financial assets measured 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 measured 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.

Subsequent valuation of financial assets measured 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 measured at fair value through other comprehensive income.

Trade Receivables (continued)

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

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

2.5 Summary of Significant Accounting Policies (continued)

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.

“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 Measured at fair value Through Profit or Loss” or “Other Financial Liabilities”.

a) Financial liabilities measured at fair value through profit or loss

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

b) Other financial liabilities

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

2.5 Summary of Significant Accounting Policies (continued)

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.

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 recorded as assets or liabilities in the balance sheet, 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 income. The aforementioned matter is effective if the hedged item is measured at cost.

2.6 Changes in Accounting Policies

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.

NOTE 3 – SEGMENT REPORTING

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 business department and the Group’s results of operations, 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 2022	31 December 2021
Cash in hand	**418.213**	**268.289**
Banks	**379.034.529**	**420.353.544**
- Demand Deposits - TL	4.198.683	6.410.129
- Demand Deposits – Foreign Currency	55.251.385	53.522.782
- Time Deposit - TL	26.789.260	130.668.530
- Time Deposit - Foreign Currency	292.740.201	228.325.473
- Credit Card Receivables	55.000	1.426.630
Total	**379.452.742**	**420.621.833**

As of 31 December 2022, the average maturity of time deposits is 29 days (31 December 2021: 35 days).

As of 31 December 2022, the interest rate of TL denominated time deposits amounting to TL 26.789.260 (31 December 2021: TL 130.668.530) was realized as 22.00% annually (31 December 2021: 17.81%). As of 31 December 2022, the weighted average interest rate of foreign currency denominated deposits amounting to TL 292.740.201 was realized as 4.01 % annually (31 December 2021: TL 228.325.473 of foreign currency denominated time deposits, and the annual weighted average interest rate was realized as 1.29 %).

As of 31 December 2022 and 2021, cash and cash equivalents subject to cash flow statements are as follows:

	1 January - 31 December 2022	1 January - 31 December 2021
Beginning of the period – 1 January	420.268.070	184.501.602
Net increase/(decrease) in cash and cash equivalents	(39.604.565)	235.766.468
End of the period – 31 December	379.452.742	420.621.833
Interest accruals (-)	1.210.763	(353.763)
Cash and cash equivalents net cash flow position, net	**380.663.505**	**420.268.070**

NOTE 5 - RELATED PARTY DISCLOSURES

a) Trade receivables from related parties

	31 December 2022	31 December 2021
Mel Macedonian Paper Mills S.S.A	18.944.915	10.754.792
Total	**18.944.915**	**10.754.792**

b) Prepaid expenses to related parties

	31 December 2022	31 December 2021
Mel Macedonian Paper Mills S.S.A	12.604.023	13.987.543
Total	**12.604.023**	**13.987.543**

c) Trade payables to related parties

	31 December 2022	31 December 2021
Ece Ticari Gayrimenkul Yatırım ve Yönetim Hizm. A.Ş.	54.280	46.837
Pak Holding A.Ş.	17.713	13.242
Pak Gıda Üretim ve Pazarlama A.Ş.	11.031	-
Total	**83.024**	**60.079**

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

NOTE 5 - RELATED PARTY DISCLOSURES (continued)

d) Other payables to related parties	**31 December 2022**	**31 December 2021**
Shareholders (Dividend)	89.852	56.381
Total	**89.852**	**56.381**

e) Short term lease liabilities to related parties

	31 December 2022	**31 December 2021**
Ece Ticari Gayrimenkul Yatırım ve Yönetim Hizmetleri A.Ş.	203.763	233.819
Total	**203.763**	**233.819**

f) Long term lease liabilities to related parties

	31 December 2022	**31 December 2021**
Ece Ticari Gayrimenkul Yatırım ve Yönetim Hizmetleri A.Ş.	3.491.078	4.147.419
Total	**3.491.078**	**4.147.419**

g) Sales of goods and services to related parties

	1 January – 31 December 2022	**1 January – 31 December 2021**
Mel Macedonian Paper Mills S.S.A	81.924.484	17.648.694
Pak Holding A.Ş.	-	20.615
Total	**81.924.484**	**17.669.309**

h) Purchases of goods and services from related parties

	1 January – 31 December 2022	**1 January – 31 December 2022**
Mel Macedonian Paper Mills S.S.A.	215.710.184	115.333.387
Ece Ticari Gayrimenkul Yatırım ve Yönetim Hizmetleri A.Ş.(**)	1.553.305	1.472.608
Pak Holding A.Ş.(*)	235.882	57.460
Pak Gıda Üretim ve Pazarlama A.Ş.	46.936	102.678
As Gıda Üretim ve Pazarlama A.Ş.	52.180	-
Total	**217.598.487**	**116.966.133**

(*) Includes reflection of legal consultancy services. The amount of TL 178.027 incurred during the period represents reflection of collected attorney's fee.

(**) Includes rent and subscribtion fees of 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 2022	1 January – 31 December 2022
Key management compensation	7.866.859	5.451.270
Total	**7.866.859**	**5.451.270**

Key management compensation provided to key management personnel during the period 1 January 2022 to 31 December 2022 and 2021 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 2022 to 31 December 2022 and 2021 period.

NOTE 6- TRADE RECEIVABLES AND PAYABLES

a) Trade receivables from third parties	**31 December 2022**	**31 December 2021**
Customers	186.661.339	157.449.016
Notes receivables	0	6.981.964
Doubtful trade receivables	1.230.598	6.602.100
Less: Non-accrued financial income	(880.913)	(1.029.851)
Less: Provision for doubtful trade receivables	(1.230.598)	(6.602.100)
Total	**185.780.426**	**163.401.129**

The average turnover period of trade receivables is 25 days (31 December 2021: 27 days) and the effective annual interest rates are as follows:

	31 December 2022				31 December 2021			
	TL	USD	EUR	OTHER	TL	USD	EUR	OTHER
Trade Receivables	22%	2.75%	2.60%	0	18%	0.58%	0	0.81%

As of 31 December 2022, the Group has mortgages and letters of guarantee for its trade receivables amounting to TL 129.927.390 (31 December 2021: TL 44.902.578).

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

	31 December 2022	**31 December 2021**
Beginning of the Period - 1 January	**6.602.100**	**4.396.785**
Increases during the period	75.086	2.456.876
Collections	(5.446.588)	(251.561)
End of the period – 31 December	**1.230.598**	**6.602.100**

b) Trade payables to third parties	**31 December 2022**	**31 December 2021**
Suppliers	277.419.666	179.522.313
Notes Payable	7.770.000	9.455.000
Less: Non accrued financial expense	(1.742.648)	(880.267)
Total	**283.447.018**	**188.097.046**

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

NOTE 6- TRADE RECEIVABLES AND PAYABLES (continued)

The average turnover period of trade payables is 15 days (31 December 2021: 17 days) and the effective annual interest rates are as follows:

	31 December 2022				**31 December 2021**			
	TL	USD	EUR	DİĞER	TL	USD	EUR	DİĞER
Trade Payables	22%	2.75%	2.60%	0	18%	0.58%	0	0.81%

NOTE 7 - BORROWINGS

Short term borrowings from related parties

	31 December 2022	**31 December 2021**
Lease liabilities	203.763	233.819
Total	**203.763**	**233.819**

Long term borrowings from related parties

	31 December 2022	**31 December 2021**
Lease liabilities	3.491.078	4.147.419
Total	**3.491.078**	**4.147.419**

Short term borrowings from third parties

	31 December 2022	**31 December 2021**
Short term loans	-	177
Lease liabilities	1.032.153	893.713
Total	**1.032.153**	**893.890**

Long term borrowings from third parties

	31 December 2022	**31 December 2021**
Lease liabilities	312.880	998.435
Total	**312.880**	**998.435**

NOTE 8 - OTHER RECEIVABLES AND PAYABLES

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

a) Short term other receivables from third parties	**31 December 2022**	**31 December 2021**
Tax refunds receivables from tax office	22.608.482	1.126.392
Deposits and guarantees given	296.610	2.043
Receivables from employees	87.662	22.859
Total	**22.992.754**	**1.151.294**

b) Long term other receivables from third parties	**31 December 2022**	**31 December 2021**
Deposits and guarantees given	33.550	25.183
Total	**33.550**	**25.183**

c) Other payables to third parties	**31 December 2022**	**31 December 2021**
Advances received	22.823.324	5.236.169
Taxes payable	4.833.737	11.967.571
Total	**27.657.061**	**17.203.740**

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

NOTE 9 - INVENTORIES

	31 December 2022	31 December 2021
Raw materials and supplies	177.915.620	91.937.528
Semi-finished goods	8.156.538	2.295.894
Finished goods	268.795.248	41.535.970
Merchandise	80.495.085	9.230.478
Other inventories	41.042.361	26.589.370
Less: Provision for impairment	(8.646.768)	(93.846)
Total	**567.758.084**	**171.495.394**

As of 31 December 2022, cost of inventories of the Group amounting to TL 1.917.411.202 (31 December 2021: TL 743.087.961) 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 2022	1 January - 31 December 2021
Beginning of the Period - 1 January	**(93.846)**	**(28.532)**
Profit or loss position due to disposals	93.846	28.532
Provisions during the period (-)	(8.646.768)	(93.846)
End of the period – 31 December	**(8.646.768)**	**(93.846)**

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 2022	1 January - 31 December 2021
Cost	(28.949.222)	(854.518)
Net realisable value	20.302.453	760.672
Provisions during the period	**(8.646.769)**	**(93.846)**

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

NOTE 10 - INVESTMENT PROPERTIES

As of 31 December 2022, investment properties of the Group is amounting to TL 229.270 (31 December 2021: TL 229.270). The Group has no movement for investment property during the period (31 December 2021: None).

Investment properties are included in the consolidated financial statements carried at cost. The fair value of investment properties is amounting to TL 7.470.000 based on the real estate appraisal report prepared on 30.01.2020 (for the valuation performed on 31 December 2019) by TSKB Gayrimenkul Degerleme A.S., licensed by the CMB. The Group management has been estimated that there has been no significant material change incurred during the period regarding its investment properties.

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

NOTE 11 – PROPERTY, PLANT AND EQUIPMENT

Cost:	**Opening balance – 1 January 2022**	**Additions**	**Disposals**	**Transfers**	**Closing balance – 31 December 2022**
Land	24.059.097				24.059.097
Land improvements	13.750.935	419.999	-	3.539.381	17.710.315
Buildings	71.814.984	3.129.237	-	9.784.200	84.728.421
Plant, machinery and equipment	693.962.239	86.365.430	29.767	54.024.070	834.321.972
Motor vehicles	2.722.182	184.300	-		2.906.482
Furniture and fixtures	29.594.131	9.379.411	271.633		38.701.909
Leasehold improvements	558.912	12.735	-		571.647
Other property, plant and equipment	1.187.577	1.722.490	-		2.910.067
Constructions in progress	670.815	68.369.124		(67.347.651)	1.692.288
	838.320.872	**169.582.726**	**301.400**	**-**	**1.007.602.198**
Accumulated depreciation:					
Land improvements	(7.025.584)	(922.549)	-	-	(7.948.133)
Buildings	(30.875.016)	(1.902.165)	-	-	(32.777.181)
Plant, machinery and equipment	(479.242.801)	(42.918.904)	12.898	-	(522.148.807)
Motor vehicles	(1.491.270)	(389.095)	-	-	(1.880.365)
Furniture and fixtures	(18.393.216)	(3.768.689)	265.898	-	(21.896.007)
Leasehold improvements	(476.415)	(31.720)	-	-	(508.135)
Other property, plant and equipment	(481.706)	(222.357)	-	-	(704.063)
	(537.986.008)	**(50.155.479)**	**278.796**		**(587.862.691)**
Net book value	**300.334.864**				**419.739.507**

Cost:	**Opening balance – 1 January 2021**	**Additions**	**Disposals**	**Transfers**	**Closing balance – 31 December 2021**
Land	24.059.097				24.059.097
Land improvements	12.878.737	269.201	-	602.997	13.750.935
Buildings	65.481.309	19.422	-	6.314.253	71.814.984
Plant, machinery and equipment	598.278.608	22.184.574	323.358	73.822.415	693.962.239
Motor vehicles	2.157.706	564.476	-	-	2.722.182
Furniture and fixtures	23.740.014	6.090.794	236.677	-	29.594.131
Leasehold improvements	500.897	58.015	-	-	558.912
Other property, plant and equipment	1.196.549	182.506	191.478	-	1.187.577
Constructions in progress	7.497.489	73.912.991		(80.739.665)	670.815
	735.790.406	**103.281.979**	**751.513**	**-**	**838.320.872**
Accumulated depreciation:					
Land improvements	(6.313.878)	(711.706)	-	-	(7.025.584)
Buildings	(29.323.469)	(1.551.547)	-	-	(30.875.016)
Plant, machinery and equipment	(449.034.672)	(30.513.064)	304.935	-	(479.242.801)
Motor vehicles	(1.184.863)	(306.407)	-	-	(1.491.270)
Furniture and fixtures	(15.768.832)	(2.845.096)	220.712	-	(18.393.216)
Leasehold improvements	(435.372)	(41.043)	-	-	(476.415)
Other property, plant and equipment	(511.764)	(100.233)	130.291	-	(481.706)
	(502.572.850)	**(36.069.096)**	**655.938**	**-**	**(537.986.008)**
Net book value	**233.217.556**				**300.334.864**

As of 31 December 2022, the Group has no machinery and equipment acquired through finance leases. (31 December 2021: None.)

Current period depreciation and amortisation charges on property, plant and equipment amounting to TL 48.661.243 (31 December 2021: TL 34.390.759) included in cost of sales, the portion amounting to TL 733.087 included in (31 December 2021: TL 965.297) marketing expenses and remaining portion amounting to TL 761.149 (31 December 2021: TL 713.038) is included in general administrative expenses (Note 19 and 20).

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

NOTE 12 – RIGHT OF USE ASSETS AND INTANGIBLE ASSETS

Right of Use Assets

Cost:	**Opening balance – 1 January 2022**	**Additions**	**Disposals**	**Closing balance – 31 December 2022**
Head Office	4.745.325	-	(515.040)	4.230.285
Motor Vehicles	2.783.195	387.146	(230.699)	2.939.642
	7.528.520	**387.146**	**(745.739)**	**7.169.927**

Accumulated depreciation:	**Opening balance – 1 January 2022**	**Additions**	**Disposals**	**Closing balance – 31 December 2022**
Head Office	(1.040.509)	(364.547)	-	(1.405.056)
Motor Vehicles	(1.007.384)	(967.546)	188.864	(1.786.066)
	(2.047.893)	**(1.332.093)**	**188.864**	**(3.191.122)**
Net book value	**5.480.627**			**3.978.805**

Cost:	**Opening balance – 1 January 2021**	**Additions**	**Disposals**	**Closing balance – 31 December 2021**
Head Office	4.246.270	499.055	-	4.745.325
Motor Vehicles	2.074.199	985.476	(276.480)	2.783.195
	6.320.469	**1.484.531**	**(276.480)**	**7.528.520**

Accumulated depreciation:	**Opening balance – 1 January 2021**	**Additions**	**Disposals**	**Closing balance – 31 December 2021**
Head Office	(617.102)	(423.407)	-	(1.040.509)
Motor Vehicles	(408.186)	(875.955)	276.757	(1.007.384)
	(1.025.288)	**(1.299.362)**	**276.757**	**(2.047.893)**
Net book value	**5.295.181**			**5.480.627**

Intangible Assets

Cost:	**Opening balance – 1 January 2022**	**Additions**	**Disposals**	**Closing balance – 31 December 2022**
Rights and computer software	11.844.199	1.364.824	-	13.209.023
	11.844.199	**1.364.824**	**-**	**13.209.023**

Accumulated depreciation:	**Opening balance – 1 January 2022**	**Additions**	**Disposals**	**Closing balance – 31 December 2022**
Rights and computer software	(6.743.516)	(779.006)	-	(7.522.522)
	(6.743.516)	**(779.006)**	**-**	**(7.522.522)**
Net book value	**5.100.683**			**5.686.501**

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

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

Intangible Assets (continued)

Cost:	**Opening balance – 1 January 2021**	**Additions**	**Disposals**	**Closing balance – 31 December 2021**
Rights and computer software	8.923.215	2.920.984	-	11.844.199
	8.923.215	**2.920.984**	**-**	**11.844.199**
Accumulated depreciation:	**Opening balance – 1 January 2021**	**Additions**	**Disposals**	**Closing balance – 31 December 2021**
Rights and computer software	(5.435.630)	(1.307.886)	-	(6.743.516)
	(5.435.630)	**(1.307.886)**	**-**	**(6.743.516)**
Net book value	**3.487.585**			**5.100.683**

Current period depreciation and amortisation charges on intangible assets amounting to TL 779.006 (31 December 2021: TL 1.307.886) included in cost of sales and remaining portion amounting to TL 1.332.093 (31 December 2021: TL 1.299.362) 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 18.10.2018 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 2017-2021).

The total sum of expenditures envisaged to be incurred pursuant to the incentive certificate numbered B137821 of 18.10.2018 is equals to TL 130.138.000 whereas the sum of expenditures having been incurred during the period is equals to TL 48.472.691 and the total sum of expenditures having been incurred is equals to TL 115.791.487.The Group has been benefited from aforementioned government grants regarding the expenditures and the tax exemption amounting to TL 14.541.807 on corporation 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 2023.

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

NOTE 13 - GOVERNMENT GRANTS (continued)

The Group has applied to the Ministry of Economy in August 2016 for the completion visa of the investment incentive certificate dated February 6, 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 2022 Deferred Tax Assets	31 December 2021 Deferred Tax Assets
Beginning of the Period – 1 January	**33.471.316**	**28.520.568**
Investment Discount Indexing	41.146.290	10.324.445
Spending Amount/Adjustment	-	-
Utilized as Tax Discount	(7.834.915)	(5.373.697)
End of the period – 31 December	**66.782.691**	**33.471.316**

NOTE 14 - PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Short term other provisions

	31 December 2022	31 December 2021
Provision for export discount expenses	536.668	3.270.627
Provision for export commission expense	6.551.192	2.233.496
Provision for other debt expense	1.073.300	890.926
Total	**8.161.160**	**6.395.049**

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

	1 January - 31 December 2022	1 January - 31 December 2021
Beginning of the Period - 1 January	**6.395.049**	**2.690.521**
Payments and reversals	(6.395.049)	(2.690.521)
Additions	8.161.160	6.395.049
End of the Period – 31December	**8.161.160**	**6.395.049**

In accordance with the information regarding the ongoing lawsuits filed against the Group or in favor of the Group as of 31 December 2022 as a result of the attorney's letter obtained from legal counsel's of the Group are as follows:

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

1. The Natural Gas Purchase Agreement executed between the Group and OMV Enerji Tic. A.S (hereinafter "OMV") for procurement of natural gas for use at its power plant in the years 2017 and 2018 ("Agreement") expired as of the end of 2018. In a notice served by OMV on 08.02.2019 after expiration of the agreement, OMV states and alleges that GAZPROM, from which OMV procures natural gas, filed an application for international arbitration in 2015 in order to retrospectively cancel the discount applied at the rate of 10.25% for calculation of its import prices, that the arbitral tribunal decided to cancel the aforementioned discount rate of 10.25% as effective from 2017, and that in the event that the discount in question is cancelled retrospectively, then OMV would charge to the Group amounting to USD 2.723.528 (including VAT but excluding interests, expenses and fees) calculated for the quantities of gas sold to the Group.

   Since the claim made by OMV is against law and the agreement, the request was dismissed and an objection was filed against the content. Due to abovementioned reasons, the Group has not been allocated related provisions included in the consolidated financial statements for the outflow of the resources. In addition, since OMV has not illegally returned the bank letter of guarantee issued by the Group in the sum of TL 6.640.000, despite all requests made upon expiration of the Natural Gas Sales Agreement, a lawsuit was initiated against OMV in İstanbul Commercial Courts of First Instance for the return to the Group of the bank letter of guarantee issued by Halk Bank A.S on 04.12.2012 and numbered 0450MW 011897 for the amount of TL 6.640.000, and also for the collection of the Group's outstanding receivables in the aggregate sum of USD 395.805,04 inclusive of VAT payable as per the finalized e-invoice numbered KM62018000000148 issued on 31.12.2018 under the Natural Gas Sales Agreement. The provision for doubtful receivables has been disclosed amounting toUSD 395.805,04 in the consolidated financial statements. In accordance with the agreement made with OMV in February 2022, the letter of guarantee amounting to TL 6.640.000 is not in retention and the amount of USD 395.805,04 was paid by OMV including interests and other costs. In accordance with the negotiated settlement and waiver of notice, both OMV and the Group withdrawed from the lawsuit and therefore, the lawsuit concluded in favor of the Group.

2. 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 Sefakoy/Kucukcekmece. The lawsuit is still ongoing. Since no fund and cash outflow from the Group is expected regarding the lawsuit, the provision has not been allocated in the consolidated financial statements.

3. The Group has been filed a lawsuit against Kucukcekmece Municipality in the 5th Administrative Court of Istanbul with the merits numbered 2017/1253, with a request for the cancellation of the 1/1000-scaled amendment project covering the area where an immovable property owned by the Group located in Sefakoy/Kucukcekmece. The lawsuit is still ongoing. Since no cash outflow from the Group is expected regarding the lawsuit, the provision has not been allocated in the consolidated financial statements.

4. In accordance with the decision of the "Turkish Competition Authority" on 24.04.2012 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 08.07.2013 and numbered 13-42/538-238.

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

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

The aforementioned matter was disclosed by the Group as “Special Circumstances Disclosure” on 10.07.2013. 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. Accordingly, Turkish Competition Authority has also applied to revision of the decision of the Council of State against this annulment. The lawsuit is still ongoing. 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 expected regarding the lawsuit, the provision has not been allocated in the consolidated financial statements.

d) Ratio of Collaterals, Pledges, Mortgages to equity

Collaterals, Pledges, and Mortgages (“CPM”) obtained from the customers of the Group as of 31 December 2022 and 2021 is as follows:

		31 December 2022		31 December 2021	
	Currency	**Original currency amount**	**TL equivalent**	**Original currency amount**	**TL equivalent**
CPM’s received	TL	64.720.720	64.720.720	46.015.720	46.015.720
	EUR	18.450.000	367.798.905	450.000	6.789.015
	GBP	1.000.000	22.489.200	-	-
	USD	1.750.000	32.722.025	-	-
Total			**487.730.850**		**52.804.735**

Collaterals, Pledges, and Mortgages (“CPM”) obtained from the suppliers of the Group as of 31 December 2022 and 2021 is as follows:

		31 December 2022		31 December 2021	
	Currency	**Original currency amount**	**TL equivalent**	**Original currency amount**	**TL equivalent**
CPM’s received	TL	2.422.978	2.422.978	2.107.778	2.107.778
	EUR	629.656	12.552.109	1.501.025	22.645.514
	USD	-	-	-	-
Total			**14.975.087**		**24.753.292**

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

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

Collaterals, Pledges, and Mortgages ("CPM") of the Group as of 31 December 2022 and 2021 is as follows:

	Currency	31 December 2022 Original currency amount	31 December 2022 TL equivalent	31 December 2021 Original currency amount	31 December 2021 TL equivalent
A. Total amount of CPM's given in the name of its own legal personality					
	TL	20.074.538	20.074.538	8.977.631	8.977.631
	USD	-	-	-	-
	EUR	110.000	2.192.839	110.000	1.659.537
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					
i) Total amount of CPM's given on behalf of the majority shareholder		-	-	-	-
ii) Total amount of CPM's given to on behalf of other group companies		-	-	-	-
iii) Total amount of CPM's given on behalf of third parties which are not in scope of B		-	-	-	-
Total			**22.267.377**		**10.637.168**

The ratio of other CPM's given by the Group to its equity is 0% as of 31 December 2022 (31 December 2021: 0%).

e) Insurance coverage of property, plant and equipment

As of 31 December 2022 and 2021, insurance coverage of property, plant and equipment is as follows:

Type	31 December 2022	31 December 2021
Buildings	225.353.706	63.595.000
Machinery and Equipment	1.084.492.500	440.298.000
Cash in hand	462.135	462.135
Inventories	579.520.000	144.520.000
Furniture and Fixtures	8.968.720	3.527.600
Motor Vehicles	6.982.806	3.979.925
Total	**1.905.779.867**	**656.382.660**

NOTE 15 - COMMITMENTS

As of 31 December 2022 and 2021, commitments of the Group are as follows:

a) Raw material and supplies purchase contracts

	31 December 2022	31 December 2021
Up to 1 year	87.739.229	33.096.891
Total	**87.739.229**	**33.096.891**

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

NOTE 15 – COMMITMENTS (continued)

b) Machinery and equipment purchase contracts

	31 December 2022	31 December 2021
Up to 1 year	56.959.353	51.183.349
Total	**56.959.353**	**51.183.349**

c) Services purchase contracts

	31 December 2022	31 December 2021
Up to 1 year	4.734.727	4.418.608
Total	**4.734.727**	**4.418.608**

NOTE 16 - EMPLOYEE BENEFITS

Employee benefits payables

	31 December 2022	31 December 2021
SSI Premium payables and tax deductions	7.951.815	3.577.574
Short-term benefits (e.g. wages and salaries, annual leave)	788.445	631.616
Other	65.661	38.506
Total	**8.805.921**	**4.247.696**

Short-term provisions for employee benefits

	31 December 2022	31 December 2021
Provision for bonus and salaries	3.629.888	373.455
Provision for unused vacation	2.566.251	1.448.314
Total	**6.196.139**	**1.821.769**

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

	31 December 2022	31 December 2021
Beginning of the Period - 1 January	**1.821.769**	**1.839.717**
Increases during the period	6.196.139	1.821.769
Payments during the period	(1.821.769)	(1.839.717)
End of the period – 31 December	**6.196.139**	**1.821.769**

Long-term provisions for employee benefits

	31 December 2022	31 December 2021
Provision for employment termination benefits	47.563.745	23.157.194
Total	**47.563.745**	**23.157.194**

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

NOTE 16 - EMPLOYEE BENEFITS (continued)

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

As of 31 December 2022, the amount payable consists of one month's salary limited to a maximum of 15.371,40 (31 December 2021: TL 8.254,51) for each year of service. The liability is not funded as there is no funding requirement.

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 2022	31 December 2021
Net discount rate (%)	3.85	2.56
Turnover rate to estimate of the probability of retirement (%)	98.64	98.64

Long-term provisions for employee benefits

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 19.982,83 effective from 1 January 2023 (1 January 2022: TL 10.848,59) has been taken into consideration in calculating the provision for employment termination benefits.

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

	31 December 2022	31 December 2021
Beginning of the Period - 1 January	**23.157.194**	**15.293.908**
Service costs	3.822.504	1.958.188
Interest costs	4.828.085	1.665.824
Actuarial losses (Note 18)	16.967.308	5.908.191
Losses on remeasurement of defined benefit plans	1.284.597	484.305
Payments during the period	(2.495.943)	(2.153.222)
End of the period - 31 December	**47.563.745**	**23.157.194**

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

NOTE 17 - PREPAID EXPENSES AND OTHER CURRENT ASSETS

a) Short-term prepaid expenses to third parties

	31 December 2022	31 December 2021
Advances given	33.083.715	32.667.578
Other prepaid expenses *	7.051.687	4.523.580
Total	**40.135.402**	**37.191.158**

* Includes insurance, maintenance and repair and subscription expenses

b) Other current assets from third parties

	31 December 2022	31 December 2021
Deferred VAT	43.370.368	342.117
Business cash advances	600	300
Other	59.992	29.791
Total	**43.430.960**	**372.208**

c) Long-term prepaid expenses to third parties

	31 December 2022	31 December 2021
Advances given for property, plant and equipment and intangible assets	38.448.181	28.190.378
Total	**38.448.181**	**28.190.378**

NOTE 18 - EQUITY

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

As of 31 December 2022 and 2021, the principal shareholders and their respective shareholding rates in Kartonsan are as follows:

	31 December 2022 Amount	Share (%)	31 December 2021 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	18.337.578	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	16.392.274	21.86
Paid-in share capital	**75.000.000**	**100.00**	**75.000.000**	**100.00**
Adjustment to share capital	21.135.671		21.135.671	
Total	**96.135.671**		**96.135.671**	

In accordance with the decision of the Board of Directors, which was registered on 24.12.2020 within the framework of the registered capital system regulations and published in Official Gazette on 25.12.2020 numbered 10232, the number of outstanding shares representing the Group's paid-in share capital has been determined is as follows:

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

NOTE 18 – EQUITY (continued)

According to the Company'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 Company'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 Company'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.

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 Financial Reporting Standards. As of 31 December 2022 and 2021, the breakdown of restricted reserves is as follows:

	31 December 2022	31 December 2021
Legal reserves	69.246.004	45.523.603
Gains on disposal of subsidiaries, property, plant and equipment and intangible assets	2.315.343	2.315.343
Total	**71.561.347**	**47.838.946**

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.

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

NOTE 18 – EQUITY (continued)

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 set aside; 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 legal 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 legal 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.

As of 31 December 2022, the Group's net distributable profit and other available funds (except distributable portion of legal reserves) amounting to TL 1.253.605.328 (31 December 2021: TL 743.934.021). 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 legal records. The Group's legal records consist of a net profit of TL 566.780.923 in the current period. As of 31 December 2022, the total amount of other funds which may be subject to dividend distribution amounting to TL 924.998.156 (31 December 2021: TL 550.800.756). In the calculation of the total amount that may be subject to distribution, the capital inflation adjustment differences and the amount of property, plant andequipment and intangible asset sales earnings held as a fund to be included in the capital are not taken into consideration.

d) Other comprehensive income and 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 2022	31 December 2021
Beginning of the Period - 1 January	**(7.802.118)**	**(3.132.045)**
Actuarial losses	(16.967.308)	(5.908.191)
Actuarial losses - tax effect (Note 25)	3.393.461	1.238.118
End of the period - 31 December	**(21.375.965)**	**(7.802.118)**

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

NOTE 19 - REVENUES AND COST OF SALES

	1 January - 31 December 2022	1 January - 31 December 2021
Domestic sales	3.059.985.698	1.528.780.054
Foreign sales	626.259.922	230.077.813
Other revenue	47.580.080	12.324.939
Sales returns (-)	(8.290.865)	(2.496.263)
Sales discounts (-)	(160.255.031)	(80.447.362)
Other discounts (-)	(200.923.098)	(99.591.965)
Revenue, net	**3.364.356.706**	**1.588.647.216**

Cost of Sales:	1 January - 31 December 2022	1 January - 31 December 2021
Changes in raw material and semi-finished inventories	(1.917.225.781)	(823.815.439)
General production costs	(221.441.162)	(99.344.001)
Depreciation and amortisation charges	(49.440.243)	(35.698.645)
Employee benefits	(84.684.720)	(51.389.278)
Cost of goods goods	(260.311.142)	(146.720.164)
Other cost of sales	(40.194.384)	(9.428.427)
Cost of Sales	**(2.573.297.432)**	**(1.166.395.954)**
Gross Profit	**791.059.274**	**422.251.262**

NOTE 20 - GENERAL ADMINISTRATIVE AND MARKETING EXPENSES

a) General administrative expenses

	1 January - 31 December 2022	1 January - 31 December 2021
Employee benefits	(21.072.424)	(12.581.420)
Employment termination benefits	(9.935.186)	(4.108.316)
Outsourcing expenses	(5.920.674)	(3.389.413)
Union, chamber and subscription expenses	(1.107.887)	(590.724)
Taxes, duties and charges	(3.297.350)	(2.774.048)
Depreciation and amortisation charges	(2.093.242)	(2.012.400)
Grants and donations	(151.959)	(80.667)
Other	(1.482.829)	(858.636)
Total	**(45.061.551)**	**(26.395.624)**

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

NOTE 20 - GENERAL ADMINISTRATIVE AND MARKETING EXPENSES (continued)

b) Marketing expenses

	1 January - 31 December 2022	1 January - 31 December 2021
Transportation, distribution and storage expense	(47.483.111)	(26.541.047)
Employee benefits	(6.961.505)	(4.169.947)
Export costs	(4.021.629)	(3.858.053)
Compensation and discounts paid	(566.687)	(331.146)
Taxes, duties and charges	(425.110)	(304.353)
Depreciation and amortisation charges	(733.087)	(965.297)
Other	(3.598.989)	(1.973.523)
Total	**(63.790.118)**	**(38.143.366)**

NOTE 21 - EXPENSES BY NATURE

	1 January - 31 December 2022	1 January - 31 December 2021
Changes in raw material and semi-finished inventories	(1.917.225.781)	(823.815.439)
Cost of goods sold	(260.311.142)	(146.720.164)
Outsourcing expenses	(227.361.830)	(102.733.414)
Employee benefits	(112.718.649)	(68.140.645)
Depreciation and amortization charges	(52.266.578)	(38.676.342)
Transportation, distribution and storage expense	(47.483.111)	(26.541.047)
Other cost of sales	(40.194.384)	(9.428.427)
Employment termination benefits	(9.935.186)	(4.108.316)
Export costs	(4.021.629)	(3.858.053)
Union, chamber and subscription expenses	(1.107.887)	(590.724)
Compensation and discounts paid	(566.687)	(331.146)
Taxes, duties and charges	(3.722.460)	(3.078.401)
Grants and donations	(151.959)	(80.667)
Other	(5.081.818)	(2.832.159)
Total	**(2.682.149.101)**	**(1.230.934.944)**

NOTE 22 – OTHER OPERATING INCOME/EXPENSES

Other operating income	1 January - 31 December 2022	1 January - 31 December 2021
Foreign exchange gains (Trade receivables and payables)	87.330.986	74.302.280
Interest income	21.814.862	10.552.561
Scrap sales revenues	4.156.691	2.454.712
Reversal of income arising from provisions no longer required	5.446.588	251.559
Interest on late payments	-	17.393
Other	2.900.032	2.913.855
Total	**121.649.159**	**90.492.360**

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

NOTE 22 – OTHER OPERATING INCOME/EXPENSES (continued)

Other operating income	**1 January - 31 December 2022**	**1 January - 31 December 2021**
Foreign exchange gains (Trade receivables and payables)	87.330.986	74.302.280
Interest income	21.814.862	10.552.561
Scrap sales revenues	4.156.691	2.454.712
Reversal of income arising from provisions no longer required	5.446.588	251.559
Interest on late payments	-	17.393
Other	2.900.032	2.913.855
Total	**121.649.159**	**90.492.360**

Other operating expenses

	1 January - 31 December 2022	**1 January - 31 December 2021**
Foreign exchange loses (Trade receivables and payables)	(50.692.653)	(53.013.508)
Interest expenses	(19.384.905)	(7.792.013)
Provision for doubtful receivables	(75.086)	(2.456.876)
Taxation arising from revaluation surplus		(2.324.562)
Other	(1.419.392)	(983.740)
Total	**(71.572.036)**	**(66.570.699)**

NOTE 23 – GAINS/LOSSES FROM INVESTMENT ACTIVITIES

Gains from investment activities	**1 January - 31 December 2022**	**1 January - 31 December 2021**
Foreign exchange gains (Except for trade receivables and payables)	103.685.325	100.510.613
Interest income	41.963.783	20.808.635
Gain on disposal of non-current assets	316.559	457.785
Total	**145.965.667**	**121.777.033**

Losses from investment activities	**1 January - 31 December 2022**	**1 January - 31 December 2021**
Foreign exchange losses (Except for trade receivables and payables)	(13.551.182)	(8.846.263)
Total	**(13.551.182)**	**(8.846.263)**

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

NOTE 24 - FINANCIAL EXPENSES

	1 January - 31 December 2022	1 January - 31 December 2021
Credit card fees and commissions	(41.076.259)	(21.437.473)
Interest expenses from TFRS 16 Leases	(1.430.823)	(1.407.811)
Bank deposit risk expenses under TFRS 9	262.396	(300.101)
Interest expenses	(296)	(228)
Other	(466.465)	(558.902)
Total	**(42.711.447)**	**(23.704.515)**

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

As of 31 December 2022 and 2021, current income tax liabilities position on balance sheets is as follows:

	31 December 2022	31 December 2021
Current period tax expense	148.333.001	91.617.001
Less: Prepaid taxes	(146.448.685)	(45.868.895)
Current income tax liabilities	**1.884.316**	**45.748.106**

As of 31 December 2022 and 2021, current period tax expenses in the consolidated statements of income and other comprehensive income are summarized as follows:

	1 January - 31 December 2022	1 January - 31 December 2021
Current period tax expense (-)	(148.333.001)	(91.617.001)
Deferred tax (expense)/income	31.811.976	137.550
Tax income/(expense)	**(116.521.025)**	**(91.479.451)**

a) Corporation 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%. (Corporation tax rate for the year 2018-2019 and 2020 was applied as 22% and corporation tax rate for the year 2021 was applied as 25%) (31 December 2021: 25%).

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% as of 31 December 2022 in Turkey, will be applied as 23% for corporate earnings for the 2022 taxation period.

The corporate tax rate is applied to the tax base that will be found 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 natural persons and entities other than these are subject to withholding tax at the rate of 15%. Adding profit to the capital is not considered as profit distubition.

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

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.

a) Corporation tax (continued)

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.
The conditions set out in the Tax Procedural Code for the application of inflation adjustment for tax purposes were likely to be met by the end of 2021, and hence taxpayers would be obliged to restate their 2021 financial statements for inflation unless a legislative change was introduced to the contrary. However, the draft bill proposed the postponement of the implementation of inflation accounting until the end of 2023. The proposal was accepted by Parliament and was published in the Official Gazette on 29 January 2022. Accordingly, no inflation adjustment will be made to the financial statements of 2021 and 2022. The financial statements of 2023 will be restated for inflation, regardless of whether the conditions prescribed in the Tax Procedural Code for inflation accounting exist or not in 2023.

Entities shall pay a provisional 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 14th 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 25th of the fourth month following the close of the accounting period.

The tax authorities can review the 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 estimated and realised current period income tax expense reconciliation for the periods 1 January – 31 December 2022 and 2021 are as follows:

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

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

	1 January - 31 December 2022	1 January - 31 December 2021
Profit before tax	821.987.766	470.860.188
Tax calculated at domestic tax rate (-)	(189.057.186)	(117.715.047)
Effect of change in corporation tax investment discount	55.926.306	20.197.578
Effect of non-deductible expenses	(7.202.674)	(2.088.277)
Tax rate differences /changes	5.591.841	-
Gains on foreign exchange protected time deposits (tax effect)	5.157.612	-
Other	13.063.076	8.126.295
Tax income/(expense)	**(116.521.025)**	**(91.479.451)**

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 2022 and 2021, the breakdown of cumulative temporary differences and deferred tax assets and liabilities provided using principal tax rates are as follows:

	Cumulative temporary differences		Deferred tax assets/(liabilities)	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Corporation tax investment incentive discount	445.217.938	223.142.107	66.782.691	33.471.316
Property, plant and equipment and intangible assets	125.017.617	85.173.950	(23.150.545)	(15.580.045)
Provisions for employee benefits	47.563.745	23.157.194	9.512.749	4.880.674
Inventories	14.547.882	3.311.473	2.909.576	761.639
Non-accrued financial income	824.433	109.320	(164.887)	25.144
Provision for doubtful trade receivables	98.113	415.414	19.623	95.545
Other, net	10.785.286	3.448.061	2.157.058	(793.445)
Deferred tax assets, net			**58.066.265**	**22.860.828**
Tax assets			60.527.033	25.617.415
Tax liabilities			(2.460.768)	(2.756.587)
Tax assets/liabilities, net			**58.066.265**	**22.860.828**

Movements in deferred tax assets are as follows:

	1 January - 31 December 2022	1 January - 31 December 2021
Beginning of the Period - 1 January	**22.860.828**	**21.485.160**
Charge to the income statement	31.811.975	137.550
Actuarial losses classified under equity, tax effect (Note 18)	3.393.462	1.238.118
Total deferred tax assets, net – (End of the period – 31 December)	**58.066.265**	**22.860.828**

NOTE 26 - EARNINGS PER SHARE

	1 January - 31 December 2022	1 January - 31 December 2021
Profit attributable to equity holders of the parent	705.019.197	379.019.989
Weighted average number of shares with nominal value	75.000.000	75.000.000
Earnings per share	**9.40025596**	**5.05359985**

NOTE 27 - FINANCIAL INSTRUMENTS

a) Classification of financial instruments

	31 December 2022	31 December 2021
Cash and cash equivalents	379.452.742	420.621.833
Trade receivables	204.725.341	174.155.921
Total	**584.178.083**	**594.777.754**

Financial liabilities measured by effective interest method

	31 December 2022	31 December 2021
Trade payables	283.530.042	188.157.125
Borrowings	5.039.874	6.273.563
Total	**288.569.916**	**194.430.688**

b) Fair value of financial instruments

As of 31 December 2022 and 2021, 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 EURO. The difference between the foreign currency denominated and foreign currency indexed assets and liabilities for USD and EURO 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.

(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 2022 and 2021, the foreign exchange position table is as follows:

31 December 2022

	TL equivalent (functional currency)	USD	EUR	Other
1. Trade Receivables	108.255.186	290.325	5.077.369	71.579
2a. Monetary Financial Assets	393.038.327	7.863.501	12.202.759	121.371
2b. Non-Monetary Financial Assets				
3. Other				
4. Current Assets Total (1+2+3)	**501.293.513**	**8.153.826**	**17.280.128**	**192.950**
5. Trade Receivables				
6a. Monetary Financial Assets	37.781.645	773.231	1.169.985	-
6b. Non-Monetary Financial Assets				
7. Other				
8. Non-Current Assets Total (5+6+7)	**37.781.645**	**773.231**	**1.169.985**	**-**
9. Total Assets (4+8)	**539.075.158**	**8.927.057**	**18.450.113**	**192.950**
10. Trade Payables	138.559.267	135.205	6.813.525	9.081
11. Financial Liabilities	-	-	-	-
12a. Other Monetary Liabilities	-	-	-	-
12b. Other Non-Monetary Liabilities				
13. TotalCurrent Liabilities (10+11+12)	**138.559.267**	**135.205**	**6.813.525**	**9.081**
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)	**138.559.267**	**135.205**	**6.813.525**	**9.081**
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)	**400.515.891**	**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	675.790.006	58.737.831	606.429.875	10.622.300
26. Import	874.263.377	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)

31 December 2021

	TL equivalent (functional currency)	USD	EUR	Other
1. Trade Receivables	79.827.120	197.016	5.003.236	95.665
2a. Monetary Financial Assets	328.365.656	12.413.285	10.549.917	208.479
2b. Non-Monetary Financial Assets				
3. Other				
4. Current Assets Total (1+2+3)	**408.192.776**	**12.610.301**	**15.553.153**	**304.144**
5. Trade Receivables				
6a. Monetary Financial Assets	28.043.842	536.452	1.384.894	-
6b. Non-Monetary Financial Assets				
7. Other				
8. Non-Current Assets Total (5+6+7)	**28.043.842**	**536.452**	**1.384.894**	**-**
9. Total Assets (4+8)	**436.236.618**	**13.146.753**	**16.938.047**	**304.144**
10. Trade Payables	79.842.841	263.043	5.046.074	11.585
11. Financial Liabilities	-	-	-	-
12a. Other Monetary Liabilities	-	-	-	-
12b. Other Non-Monetary Liabilities				
13. Total Current Liabilities (10+11+12)	**79.842.841**	**263.043**	**5.046.074**	**11.585**
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)	**79.842.841**	**263.043**	**5.046.074**	**11.585**
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)	**356.393.777**	**12.883.710**	**11.891.973**	**292.559**
21. Monetary Items Net Foreign Exchange Asset/ (liability) position (1+2a+5+6a-10-11-12a-14-15-16a)	**356.393.777**	**12.883.710**	**11.891.973**	**292.559**
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	260.777.736	40.043.804	216.891.707	3.842.225
26. Import	388.429.239	72.905.346	315.523.893	-

(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 2022 and 2021 for the changes at the rate of 10%:

	31 December 2022			
	Profit / (loss)		**Equity**	
	Appreciation of foreign currency	**Depreciation of foreign currency**	**Appreciation of foreign currency**	**Depreciation of foreign curency**
Change in USD against TL by 10%				
1- USD Net Asset / Liability	16.440.871	(16.440.871	-	-
2- Hedged portion of USD Risk (-)	-	-	-	-
3- USD Net Effect (1+2)	**16.440.871**	**(16.440.871)**	**-**	**-**
Change in EUR against TL by 10%				
4- EURO Net Asset / Liability	23.197.494	(23.197.494)	-	-
5- Hedged portion of Euro Risk (-)	-	-	-	-
6- EURO Net Effect (4+5)	**23.197.494**	**(23.197.494)**	**-**	**-**
Change in Other currencies against TL by 10%				
7- Other currencies Net Asset / Liability	413.224	(413.224)	-	-
8- Hedged portion of Other currencies Risk (-)	-	-	-	-
9- Other currencies Net Effect (7+8)	**413.224**	**(413.224)**	**-**	**-**
Total (3+6+9)	**40.051.589**	**(40.051.589)**	**-**	**-**

	31 December 2021			
	Profit / (loss)		**Equity**	
	Appreciation of foreign currency	**Depreciation of foreign currency**	**Appreciation of foreign currency**	**Depreciation of foreign curency**
Change in USD against TL by 10%				
1- USD Net Asset / Liability	17.172.696	(17.172.696)	-	-
2- Hedged portion of USD Risk (-)	-	-	-	-
3- USD Net Effect (1+2)	**17.172.696**	**(17.172.696)**	**-**	**-**
Change in EUR against TL by 10%				
4- EURO Net Asset / Liability	17.941.052	(17.941.052)	-	-
5- Hedged portion of Euro Risk (-)	-	-	-	-
6- EURO Net Effect (4+5)	**17.941.052**	**(17.941.052)**	**-**	**-**
Change in Other currencies against TL by 10%				
7- Other currencies Net Asset / Liability	525.630	(525.630)	-	-
8- Hedged portion of Other currencies Risk (-)	-	-	-	-
9- Other currencies Net Effect (7+8)	**525.630**	**(525.630)**	**-**	**-**
Total (3+6+9)	**35.639.378**	**(35.639.378)**	**-**	**-**

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

Ownership of financial assets involves the risk that the counterparty may be unable to meet the contract. The Group's credit risk arises mainly from trade receivables. The Group manages this risk by following the credit limits set for customers. The use of credit limits is continuously monitored by the Group and the credit quality of the customer is continuously evaluated by taking into consideration the customer's financial position, past experiences and other factors. Trade receivables are evaluated by taking into consideration the policies and procedures of the Group management and accordingly, net of provision for doubtful receivables is presented in the balance sheet.

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, net of doubtful receivables provisions are allocated in the consolidated balance sheet (Note 10).

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

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

	Trade receivables		Other receivables		Bank	
31 December 2022	**Related party**	**Other**	**Related party**	**Other**	**deposits**	**Total**
Maximum exposure to credit risk as of reporting date (A+B+C+D+E) (*)	**18.944.915**	**185.780.425**	**-**	**23.026.304**	**379.034.529**	**606.786.174**
- Maximum risk secured with guarantees etc	-	***129.927.390***	-	-	-	***129.927.390***
A. Net book value of neither past due nor impaired financial assets	18.944.915	106.645.296	-	23.026.304	379.034.529	527.651.044
B. Net book value of past due but not impaired financial assets	-	79.135.130	-	-	-	79.135.130
C. Net book value of impaired assets	-	-	-	-	-	-
- Past due (gross book value)	-	*1.230.598*				*1.230.598*
- Impairment (-)	-	*(1.230.598)*	-	-	-	*(1.230.598)*
- Secured with guarantees	-	-	-	-	-	-
- Not past due (gross amount)						
- Impairment (-)	-	-	-	-	-	-
- Secured with guarantees	-	-	-	-	-	-
D. Off-balance sheet expected credit losses	-	-	-	-	-	-

(*) Factors that increase credit reliability, such as guarantees 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)

	Trade receivables		Other receivables		Bank	
31 December 2021	**Related party**	**Other**	**Related party**	**Other**	**deposits**	**Total**
Maximum exposure to credit risk as of reporting date (A+B+C+D+E) (*)	**10.754.792**	**163.401.129**	**-**	**1.176.477**	**420.353.544**	**595.685.942**
- Maximum risk secured with guarantees etc	**-**	***44.902.578***	**-**	**-**	**-**	***44.902.578***
A. Net book value of neither past due nor impaired financial assets	10.754.792	117.387.520	-	1.176.477	420.353.544	549.672.333
B. Net book value of past due but not impaired financial assets	-	46.013.609	-	-	-	46.013.609
C. Net book value of impaired assets	-	-	-	-	-	-
- Past due (gross book value)	-	*6.602.100*				*6.602.100*
- Impairment (-)	-	*(6.602.100)*	-	-	-	*(6.602.100)*
- Secured with guarantees	-	-	-	-	-	-
- Not past due (gross amount)						
- Impairment (-)	-	-	-	-	-	-
- Secured with guarantees	-	-	-	-	-	-
D. Off-balance sheet expected credit losses	-	-	-	-	-	-

(*) Factors that increase credit reliability, such as guarantees 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 2022, trade receivables amounting to TL 79.135.130 (31 December 2021: TL 46.013.609) 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 38.509.462 (31 December 2021: TL 18.801.335) are collateralised through obtaining letters of guarantee. The analysis of aging of past due but not impaired trade receivables is as follows:

	31 December 2022	31 December 2021
Past due up to 1 month	74.498.972	45.993.509
Past due 1-3 months	2.759.250	-
Past due 3-12 months	1.876.908	20.100
Past due 1-5 years	-	-
Past due more than 5 years	-	-
Total	**79.135.130**	**46.013.609**

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 2022 and 2021 are as follows:

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	5.039.874	9.291.190	583.200	1.631.300	4.335.215	2.741.475
Bank borrowings	-	-	-	-	-	-
Trade payables	283.530.042	285.272.690	285.272.690		-	-
Employee benefits	8.805.921	8.805.921	8.805.921	-	-	-
Other payables	27.746.913	27.746.913	27.746.913	-	-	-
Total	**325.122.750**	**331.116.714**	**322.408.724**	**1.631.300**	**4.335.215**	**2.741.475**

31 December 2021

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	6.273.386	10.984.835	547.385	1.611.315	5.087.760	3.738.375
Bank borrowings	177	177	177	-	-	-
Trade payables	188.157.125	189.037.392	189.037.392	-	-	-
Employee benefits	4.247.696	4.247.696	4.247.696	-	-	-
Other payables	17.260.121	17.260.121	17.260.121	-	-	-
Total	**215.938.505**	**221.530.221**	**211.092.771**	**1.611.315**	**5.087.760**	**3.738.375**

(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 on balance sheet) and invested capital is calculated as net financial debt plus total equity. Consolidated net financial debt/invested capital ratios as of 31 December 2022 and 2021 are as follows:

	31 December 2022	31 December 2021
Total borrowings	391.388.878	295.817.210
Less: Cash and cash equivalents (Note 4)	(379.452.742)	(420.621.833)
Net financial debt	**11.936.136**	**(124.804.623)**
Equity	1.408.353.275	888.136.561
Invested capital	**1.420.289.411**	**763.331.938**
Net financial debt/invested capital ratio	-	-

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

As of 31 December 2022, total fees recevied for the reporting period is amounting to TL 877.29 (31 December 2021: TL 513.007).

	31.12.2022	31.12.2021
Audit fee for the reporting period	439.006	206.000
Tax consulting fee	273.290	207.007
Other service fee apart from audit	165.000	100.000
Total	**877.296**	**513.007**

(*) 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 authorized unions to make collective bargaining for the workers in our factory are Türkiye Selüloz Kağıt ve Ağaç ve Mamulleri İşçileri (Selüloz-İş) unions. Collective bargaining agreements, which are valid for 2 years, are signed with the authorized trade union. All rights and benefits listed in detailed collective bargaining agreements are fully available for our workers. The collective bargaining agreement, which is valid for the period 01.09.2020-31.08.2022, was ended on 31.08.2022.

Negotiations for additional collective bargaining agreement has started on 26.07.2022 for a 2-year period (01.09.2022-31.08.2024) with the authorized trade union. However, an agreement was not reached at the collective bargaining and negotiations ended without reaching a conclusion. In addition, the action of strike regarding the unionized employee has implemented effective from 22 December 2022. At the reporting date, the strike of unionized employee is in progress without reaching an agreement.

Simultaneously with the relevant strike, cardboard production operations in our factory at the address of Başiskele/Kocaeli have been ceased.

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.