

IN THE 100TH ANNIVERSARY OF OUR REPUBLIC, TOWARDS A SOLID FUTURE...



INTEGRATED
ANNUAL REPORT 2023



HAPPY 100TH ANNIVERSARY OF OUR REPUBLIC

Kartonsan is the first private-sector producer of coated cardboard in Turkey. The success story was crafted through labor, commitment, perseverance, and hard work.

Challenges were successfully overcome one by one along this path, which was embarked on in 1967 with resolute determination and courage. The journey, which commenced with a small business, has now expanded on a scale beyond the borders of Turkey.

In the 2nd century of our Republic, we shall persistently produce and make significant contributions to the economy. We express our gratitude to Gazi Mustafa Kemal Atatürk and his fellow soldiers for bestowing upon us the Republic, both in the present and for generations to come.



ABOUT THE REPORT

GRI 2-2

ATTRIBUTES, PERIOD AND SCOPE

This report is the Integrated Annual Report of Kartonsan Sanayi ve Ticaret A.Ş. ("Kartonsan" or "The Company"). Covering the 12-month operating period between 1 January and 31 December 2023, this report also covers data related to the financial and human resources of Kartonsan's domestic subsidiaries (DÖNKASAN and Selka). The report will be presented in Kartonsan's 2024 Annual General Meeting as an Annual Report.

PUBLICATION FORMAT

The report is offered to stakeholders in a PDF format under the Investor Relations tab on the www.kartonsan.com.tr website.

REPORT CONTENT AND REGULATORY FRAMEWORK

The report includes information, indicators, graphs, tables and diagrams pertaining to Kartonsan's integrated business model, risk and opportunity management, future strategies, stakeholder communication, material issues determined as a result of stakeholder participation, sustainability policy and management and its performance in the financial, environmental and social sphere, and the value which it created for all stakeholders in the short, medium and long term. The report has been prepared in accordance with GRI Standards.

AUDIT APPROACH

For the specific indicators in the report, limited assurance was provided by Güreli Sworn Financial Advisory and Independent Audit Services Inc., acting as an independent auditor. This assurance is in line with the standards of International Standard on Assurance Engagements 3000 (Assurance Engagements other than Audits or Reviews of Historical Financial Information). The information related to financial statements in the report was audited by the same independent auditor. Independent auditor statements are covered on pages 72-73, 74-75 and 77-80 of the report.



Kartonsan is a member of KASAD.

ABOUT THE REPORT

1 About the Report

PRESENTATION

5 Corporate Profile

6 Corporate Memberships and Collaborations of Kartonsan

7 About Kartonsan

8 About Kartonsan’s Products

10 2023 Key Performance Indicators

FROM THE MANAGEMENT

14 Letter from the Chairman of the Board

16 General Manager’s Assessment

19 Kartonsan Board of Directors

20 Executive Management of Kartonsan and Affiliated Companies

STRATEGY AND SUSTAINABILITY APPROACH

23 Trends: World, Türkiye, and Industry

30 Kartonsan’s Response to Developments in the External Environment - How do we Manage?

34 Stakeholder Communication

39 Sustainable Development Goals (SDGs)

40 Corporate Governance at Kartonsan

43 Kartonsan’s Sustainability Strategy

44 Kartonsan’s Sustainability Policy

48 Value Creation Model

PERFORMANCE

51 Overall Review of the Year 2023 and Achievements

58 Kartonsan and Environment

64 Kartonsan and Human Resources

66 Occupational Health and Safety at Kartonsan

68 Corporate Social Responsibility

AFFILIATED COMPANIES

- 69 Selka
- 70 DÖNKASAN

CORPORATE GOVERNANCE, RISK MANAGEMENT AND FINANCIAL INFORMATION

- 72 Independent Auditor's Report on the Annual Report of the Board of Directors
- 74 Limited Assurance Report
- 76 Consolidated Financial Statements as at and for the Year Ended 31 December 2023 Together with the Independent Auditors' Report
- 142 Other Information and Matters that must be Explained Pursuant to the Legislation

APPENDICES

- 173 Kartonsan Performance Indicators
- 178 Sustainability Principles Compliance Framework
- 194 GRI Index
- 202 Information to Shareholders

KARTONSAN KARTON SANAYİ VE TİCARET A.Ş.

Prof. Dr. Bülent Tarcan Caddesi No. 5,
Engin Pak İş Merkezi, Kat: 3; Gayrettepe 34349 İstanbul

İstanbul Trade Registry

Registry Number: 95860/41270
Mersis Number: 0526005749100010

Kartonsan annual reports are available at
www.kartonsan.com.tr



PRESENTATION

Corporate Profile

Corporate Memberships and Collaborations of Kartonsan

About Kartonsan

About Kartonsan's Products

2023 Key Performance Indicators



THE FIRST PRIVATE SECTOR PRODUCER OF COATED CARDBOARD

Established in Turkey as the “first” private sector producer of coated cardboard, Kartonsan continues to operate with the same bold and entrepreneurial spirit as it did when it first set out.



56TH ANNIVERSARY OF ESTABLISHMENT

Celebrating its 56th anniversary in 2023, Kartonsan was registered in 1967 and commenced production in 1970.



INTEGRATED MANAGEMENT SYSTEM

Kartonsan considers the environment and its protection as the fundamental concept of its economic and commercial operations cycle.

In this section, after briefly introducing Kartonsan, we present a summary of its performance in 2023.

CORPORATE PROFILE

GRI 2-1, 2-6

KARTONSAN'S STRENGTH AND COMPETENCE LIE IN ITS COMMITMENT TO THE FUTURE, AS WELL AS ITS DEEP-ROOTED PAST.

Kartonsan, with a production capacity of 240 thousand tons per year across two production lines, stands as one of the prominent producers in Turkey and Europe for coated cardboard production.

Celebrating its 56th anniversary in 2023, Kartonsan was registered in 1967 and started production in 1970. Kartonsan, the "first" private sector coated cardboard producer established in Turkey during the years when paper production was managed by the state, continues to operate with the same bold and entrepreneurial spirit as it did when it first set out.

Being committed to adding value to the life cycle of tens of millions of consumers on the domestic and international markets with its environmentally friendly coated cardboard products, Kartonsan also distinguishes itself through its unrivaled quality standards, high customer satisfaction, and robust production, trade, and logistics capabilities. The coated cardboard produced by Kartonsan is utilized in a variety of purposes, including food, medicine, detergent, matches, perfumes, textile, stationery, glassware and small household appliances packaging, book and notebook cases, and corrugated lamination.

THE STRATEGIC GOAL OF KARTONSAN IS TO ENHANCE SHAREHOLDERS VALUE.

With unwavering commitment, Kartonsan implements its corporate strategy, shaped on the principles of economy, environment, and sustainability. Kartonsan's strategy involves the production of coated cardboard with an environmentally friendly approach while creating permanent value for all its stakeholders. Kartonsan's other strategic goal is to ensure a sustainable, profitable operation while increasing shareholder value.

Kartonsan's publicly traded capital structure allows for the sharing of financial performance data among a broad base of capital providers, which helps to create widespread social impact. Kartonsan also plays a significant role in boosting the Turkish economy through its tax contributions, export earnings, and job opportunities.

The key factors and competitive advantages that shape Kartonsan's road map are its qualified human resources, technology-oriented production capacity, and robust corporate competencies.

KARTONSAN PLACES A STRONG EMPHASIS ON ENVIRONMENTAL PROTECTION

Kartonsan, which maintains its production operations within the framework of the Integrated Management System, considers the environment and its protection as a fundamental concept in its economic and commercial operations cycle.

Kartonsan, which uses up to 99% waste paper to produce coated cardboard, maintains its position as a responsible producer and its commitment to the environment. In addition to waste paper, the Company evaluates and reuses the water released during the production cycle in treatment facilities that are equipped with cutting-edge technology. Kartonsan generates its own energy in a similar way, using turbine exhaust gas to produce steam.

KARTONSAN'S CONTRIBUTION TO SOCIETY

The most tangible manifestations of Kartonsan's principle of "providing a portion of the added value it generates to society" are social responsibility projects. Kartonsan recognizes the significance of contributing to the welfare and quality of life of future generations and participates in social responsibility projects that concentrate on the environment and education.

SYNERGY CREATED WITH SUBSIDIARIES

Selka and DÖNKASAN are two subsidiaries of Kartonsan that play complementary roles across the value chain. Selka, a company that specializes in the coated cardboard trade, provides a rapid, cost-effective, and flawless solution to the coated cardboard requirements of companies in the printing, packaging, and cardboard industry in Turkey. DÖNKASAN is responsible for the collection, segregation, and preparation of waste paper for recycling in the production of paper and cardboard.

PAK GROUP IS THE PRINCIPAL SHAREHOLDER OF KARTONSAN.

The principal shareholder of Kartonsan is the Pak Group, holding 78.14% of shares. Kartonsan shares, which went public in 1986, are traded under the ticker "KARTN" on the Borsa Istanbul (BIST) Main Market.

The last page of this report contains a summary of the performance of Kartonsan stocks in 2023.

CORPORATE MEMBERSHIPS AND COLLABORATIONS OF KARTONSAN

GRI 2-28

KARTONSAN ACTIVELY ENGAGES IN INFORMATION AND EXPERIENCE SHARING, AS WELL AS CAPACITY DEVELOPMENT ACTIVITIES BY PARTICIPATING IN INDUSTRIAL INITIATIVES BOTH DOMESTICALLY AND INTERNATIONALLY. KARTONSAN CONTRIBUTES TO THE 17 SUSTAINABLE DEVELOPMENT GOALS THROUGH ITS VARIOUS ACTIVITIES WITHIN THE SCOPE OF THE SUBJECT ECOSYSTEM.



The European Carton Makers Associations (ECMA) is the representative body for over 650 cardboard manufacturers and their stakeholders. With a workforce of over 60,000 individuals, ECMA plays a significant role in the countries that make up the European Economic Area. ECMA covers more than 80% of the European coated cardboard market, which has a size of EUR 15 billion.



The European Association of Carton and Cartonboard Manufacturers (Pro Carton) represents over 40 carton mills across 13 different European countries and North America. Pro Carton highlights the various functions and advantages of cardboard and paperboard as recyclable and competitive packaging materials to a wide range of stakeholders, including EU policymakers.



The Waste Paper Recycling Industrialists Association (AGED) is dedicated to implementing a variety of projects aimed at maximizing paper recycling in our country. AGED tracks the latest trends and developments, organizes conferences and panels, and actively engages in social responsibility projects to raise awareness about the significance of recycling.



Founded in 1991, the Cartonboard Packaging Manufacturers Association (KASAD) identifies the administrative and technical issues and deficiencies encountered by the members of the cartonboard packaging industry operating in Turkey, develops solutions, takes initiatives in the presence of private and public organizations, and strives to improve the professional knowledge and experience of cartonboard packaging industrialists.



The Pulp and Paper Industry Foundation (SKSV), with 19 members, represents the majority of Turkey's pulp and paper-cardboard production capacity. Since its inception in 1989, the Foundation has undergone continuous growth and has become an influential institution representing the Turkish paper industry, both domestically and internationally.

ABOUT KARTONSAN

GRI 2-1, 2-6

KARTONSAN, WITH A PRODUCTION CAPACITY OF 240 THOUSAND TONS PER YEAR ACROSS TWO PRODUCTION LINES, STANDS AS ONE OF THE PROMINENT PRODUCERS IN TURKEY AND EUROPE FOR COATED CARDBOARD PRODUCTION.

KARTONSAN IN NUMBERS



KARTONSAN FACTORY

Indoor Site Area
101,270 m²

Open Site Area
337,390 m²

Total Site Area
438,660 m²



PRODUCTION LINES AND ANNUAL PRODUCTION CAPACITY

BM1
80,000 tons/year

BM2
160,000 tons/year



ELECTRICITY GENERATION CAPACITY

Daily Electricity Generation
528,000 KWh/day

Annual Electricity Generation
193 million KWh/year

Sellable Electrical Energy
18 million KWh/year



PRODUCTS

(180-550 gr/m²)

Normprint

Normprint-Liner

Exprint

Luxtriplex



WASTE TREATMENT PLANT

Installed Capacity
10,000 m³/day



GRINDING CAPACITY

2,650 m²/year

ABOUT KARTONSAN'S PRODUCTS

KARTONSAN PRODUCTS PRODUCED USING SUSTAINABLY SOURCED MATERIALS ALIGN WITH THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS.

NORMPRINT

Normprint, a multi-coated cardboard, is a high performance product for packaging. A blade top coat has been applied to the top surface and the back side is grey. This product provides brilliant printability using substantially less ink and a high degree of varnish ability.

NORMPRINT - LINER

The Normprint-Liner used as lamination on the company's corrugated cardboard is manufactured on the BM2 production line in 180, 200, and 225 gr/m² weights. Kartonsan-made Normprint-Liner is a high-performance product that is especially useful as packaging for glassware and electronics and as containers for fresh fruits and vegetables. Normprint is a multi-coated cardboard with a blade top coat while the underside has a low Cobb value that makes it suitable for corrugated lamination. This product provides brilliant printability with substantial ink economy and also a high degree of durability.

¹Old paper and primary fiber

EXPRINT

Exprint is a multi-coated cardboard which provides high performance in all types of packaging and detailed graphic printing. The product offers brilliant printing quality with substantial ink economy and high varnish ability. It also offers excellent creasing surface due to its structure. The backside is grey and a blade coat has been applied to the top surface.

LUXTRIPLEX

Luxtriplex is preferred for special occasion cards, detailed graphic printing for advertising materials and all kinds of packaging. It provides high creasing capability, brilliant printability with substantial ink economy and high varnish ability. It is a multi-coated cardboard with a white back side and a blade coat has been applied to the top surface.



KARTONSAN EXPORTS ITS PRODUCTS TO MORE THAN 25 COUNTRIES ACROSS THREE CONTINENTS. BULGARIA, RUSSIA, ITALY, GREECE, SPAIN, PORTUGAL AND ROMANIA CONSTITUTE A SIGNIFICANT PERCENTAGE OF KARTONSAN'S FOREIGN MARKET PORTFOLIO.

2023 KEY PERFORMANCE INDICATORS

GRI 201-1

KARTONSAN MAINTAINED ITS RESILIENCE AND GENERATED VALUE DURING CHALLENGING TIMES BY VIRTUE OF ITS DIVERSIFIED CUSTOMER PORTFOLIO AND ROBUST FINANCIAL STRUCTURE.

TOTAL PRODUCTION (GROSS, TON)

122,515

TOTAL SALES VOLUME (TONS)

134,930

TOTAL SALES (TL MILLION)

2,480

DOMESTIC SALES (TL MILLION)

2,024

EXPORTS (TL MILLION)

427

TOTAL TAXES PAID (TL MILLION)

36

TOTAL PAYMENTS TO SUPPLIERS (TL MILLION)

2,116

NUMBER OF EMPLOYEES (PEOPLE)

350

TRAININGS PER PERSON (HOURS)

6.72

WASTE PAPER USED IN PRODUCTION (TON)

128,419



FROM THE MANAGEMENT

Letter From the Chairman of the Board

General Manager's Assessment

Kartonsan Board of Directors

Executive Management of Kartonsan and Affiliated Companies

**THE COVID-19 PANDEMIC, ALONG WITH THE
CONSEQUENT GLOBAL CRISIS, GEOPOLITICAL
CONFLICTS, AND FLUCTUATIONS, HAS
SIGNIFICANTLY INCREASED THE COMPLEXITY
AND UNCERTAINTY OF OUR WORLD AND
MARKETS.**

**KARTONSAN, WITH ITS ROBUST STRUCTURE
ESTABLISHED OVER 56 YEARS, IS ADVANCING
TOWARDS ITS GOALS AS A RESILIENT AND
FUTURE-FOCUSED COMPANY AMONG THE
CHALLENGES POSED BY THE EXTERNAL
ENVIRONMENT.**

PROF. DR. ÜNAL BOZKURT

Chairman of the Board of Directors

“Kartonsan, considers economic, environmental, and social sustainability as key elements of its long-term, healthy, and profitable performance and develops its corporate strategy in alignment with these principles.”

HALUK İBER

Board Director and General Manager

“Kartonsan has effectively managed the cost-price balances amidst the challenging circumstances of 2023 as a result of its agile yet risk-sensitive management approach.”

LETTER FROM THE CHAIRMAN OF THE BOARD

COATED CARDBOARD PRODUCED BY KARTONSAN PROVIDES LOW-CARBON ALTERNATIVES TO PRODUCTS MADE FROM FINITE NATURAL RESOURCES.



**THE FIRST COATED
CARDBOARD PRODUCTION
FACILITY ESTABLISHED BY
THE PRIVATE SECTOR IN
TURKEY**



**A DYNAMIC AND
FINANCIALLY ROBUST
COMPANY**



**PRODUCTION
PROCESSES FOCUSED
ON ENVIRONMENTAL
PROTECTION**

Dear Stakeholders;

The year 2023 began with a natural disaster that will never be forgotten by the people of our country. We extend our sincere condolences and patience to the relatives of those who tragically lost their lives in the devastating 6 February Kahramanmaraş earthquakes, which resulted in an immense loss of life and had a significant financial impact on the Turkish economy. We once again honor their memory with mercy and respect.

In 2023, we also celebrated the 100th anniversary of the Republic of Turkey with pride and joy.

KARTONSAN IS A PROMINENT PARTICIPANT OF THE CIRCULAR ECONOMY.

Coated cardboard is the product with the highest recycling rate among all packaging materials. Coated cardboard produced by Kartonsan in a wide variety of weight and quality options provides low-carbon alternatives to products made from finite natural resources, such as plastics.

The demand for coated cardboard is expected to increase systematically, while all kinds of non-recyclable materials will gradually phase out of our daily lives. Manufacturers are striving to develop solutions to substitute plastic packaging in various consumption channels. In this context, the recyclability of waste packaging throughout its life cycle is crucial for the sustainability of the ecosystem.

SUSTAINABILITY AND ESG FORM THE FOUNDATION OF KARTONSAN'S STRATEGY.

The interests of its stakeholders and sustainable total performance are steadfast targets that Kartonsan consistently pursues throughout the economic and commercial cycle.

Our Company considers economic, environmental, and social sustainability as key elements of its long-term, healthy, and profitable performance and develops its corporate strategy in alignment with these principles. Its extensive market experience and knowledge, cutting-edge technology-based production capacity, and highly qualified human resources are among the key factors that shape Kartonsan's competitive threshold and strategy.



As our 56th anniversary draws to a close, Kartonsan is fully prepared for the future. Kartonsan's ability to withstand the challenges of the external environment, its agile production technology that enables it to swiftly adapt to evolving market demands, and its collaborative efforts in combating the climate crisis demonstrate that it will maintain its position as a prominent player and market participant in the future.

A LOOK INTO THE FUTURE

We remain committed to enhancing our effectiveness in both domestic and foreign markets by making investments and implementing initiatives that align with our goal of enhancing shareholder value in the upcoming period.

The unwavering support of our shareholders and investors, the strong bond our customers have with our products and brand, and the dedicated efforts of our employees provide Kartonsan with the energy it needs to accomplish its goals.

We are aware that the transformation in the external environment will persist at full pace. We are committed to taking a proactive approach to embracing the transformation and, at the same time, increasingly reflecting the potential of Turkey and its surrounding geography in our performance.

On behalf of myself and our Board of Directors, I would like to express our sincere gratitude to our customers, suppliers, and other stakeholders, especially our dedicated staff who add value to Kartonsan in every aspect through their valuable work.

Best Regards,

PROF. DR. ÜNAL BOZKURT
Chairman of the Board of Directors

GENERAL MANAGER'S ASSESSMENT

FOLLOWING A THREE-YEAR PERIOD OVERSHADOWED BY THE PANDEMIC, UNFAVORABLE ECONOMIC TRENDS EMERGED IN 2023 THAT PRESENTED CHALLENGES IN OUR OPERATING ENVIRONMENT.



**AN EMPLOYER THAT
RESPECTS LABOR
AND HARD WORK**



**AGILE YET RISK-
SENSITIVE
MANAGEMENT**



**AN ETHICAL AND
HONEST COMPANY
IN TRADE AND
COMPETITION**

Dear Stakeholders,

THE YEAR 2023 HAS BEEN CONCLUDED UNDER THE SHADOW OF THE GLOBAL INFLATION WAVE, MARKET VOLATILITIES AND GEOPOLITICAL CONFLICTS.

Throughout the year, there were concerns about the effectiveness of measures to fight inflation, along with the possibility that tighter monetary policies and higher interest rates could dampen global growth. By the end of December, there was a relative downward trend in inflation, particularly in developed economies. The global economy's soft landing helped avoid any concerns about a recession.

Due to the robust structure of employment markets and the decrease in supply-side issues, relaxations in energy and commodity prices played a significant role. Besides, the inclusion of the humanitarian crisis in Gaza alongside the war in Ukraine has heightened the potential for geopolitical risks.

Despite the devastating impact of the earthquake disaster at the beginning of 2023, the Turkish economy managed to sustain its growth trajectory. The driving force behind the growth, which reached 4.5%, was domestic consumption. This was driven by increased demand resulting from persistent high inflation.

KARTONSAN SUCCESSFULLY MANAGED THE CHALLENGES POSED BY THE MARKETS IN 2023.

Following a three-year period overshadowed by the pandemic, unfavorable economic trends emerged in 2023 that presented challenges in our operating environment. As a result, both our export and domestic markets experienced shrinkage. Besides, the Collective Labor Agreement negotiations, which were a top priority for our Company in the last quarter of 2022, did not reach a resolution. As a result, a lengthy strike process commenced at Kartonsan and continued until 10 April 2023.

Kartonsan, as an employer that has always cherished its employees and respected their labor and outstanding effort throughout its 56-year corporate history, has continued its sincere and transparent efforts without



interruption, collaborated closely with the Turkish Cellulose, Paper, Wood and Products Workers' Union, and ensured that the strike ends with a win-win mindset as much as possible. It presented its contribution with shareholder approval. With the end of the strike decision, production restarted at our campus in Başiskele, Kocaeli on 10 April 2023.

During the same period, our Company made an important decision in terms of resistance and started the construction maintenance-strengthening work of Cardboard Production Line No. 1 (BM1), which was among its planned strategic investments, on 1 June 2023. Through the project, which has lasted until 31 October 2023, the earthquake resistance of our facility, which contains our BM1 line, has been significantly enhanced.

Kartonsan, which prioritizes occupational health and safety as an industrial enterprise, has added a major and strong link to its commitment to provide a safe and healthy work environment for its employees with the completion of this project.

NATURAL CONSEQUENCES THE STRIKE AND HALT OF PRODUCTION: DECREASE IN PRODUCTION, SLOWDOWN IN OUR MARKET ACTIVITY

During the initial phase of the Kartonsan strike, the Company managed to maintain an almost uninterrupted supply of coated cardboard to its customers by releasing its stock into the market. Following the depletion of these stocks, our commercial activity in the market experienced a slowdown due to the strike and the halt of the BM1 production line. Nevertheless, during the last quarter of the year, our production recovered and our product supply to the market surged. In 2023, Kartonsan produced and supplied a total of 122,515 tons of coated cardboard to its customers.

Kartonsan has effectively managed the cost-price balances amidst the challenging circumstances of 2023 as a result of its agile yet risk-sensitive management approach. Kartonsan, which is committed to maintaining a resilient and sustainable financial structure, continued to allocate its financial capital to productive areas in a controlled manner and prioritize efficiency during its 56th year of operation.

GENERAL MANAGER'S ASSESSMENT

KARTONSAN ADOPTS HIGH-QUALITY IN PRODUCTION, PRIORITIZES CUSTOMER SATISFACTION IN TRADE, AND UPHOLDS HONESTY IN COMPETITION, ADVOCATES BEING ETHICAL AS A GUIDING PRINCIPLE ACROSS ALL THESE AXES, AND STRIVES TO IMPLEMENT IT IN EVERY ASPECT.

Our exports totaled USD 15.6 million, while our consolidated sales revenue, adjusted for inflation, totaled TL 2,480 million during the reporting period.

The transition to inflation accounting was another issue that impacted our performance results in 2023. In this context, our financial statements represented the inflation adjustment differences in equity accounts as a loss.

EMBRACING ETHICAL AND HONEST PRACTICES IN PRODUCTION, TRADE, AND COMPETITION

Embracing ethical and honest practices in production, trade, and competition has been Kartonsan's unwavering motto since its inception.

Adopting high-quality production, prioritizing customer satisfaction in trade, and upholding honesty in competition, Kartonsan advocates being ethical as a guiding principle across all these axes and strives to implement it in every aspect.

Despite mentioning that Kartonsan's performance in 2023 has slowed down due to external conditions, the major achievements that I would like to note in our corporate history are that we have reinforced our resilience, agility, and strategic superiority in the process of navigating and overcoming challenges.

WE HAVE DESIGNATED 2024 AS THE YEAR OF RECOVERY AND IMPROVEMENT OF EFFICIENCY.

Under the auspices of our corporate, governance, and production competencies, as well as the unwavering support of our shareholder Pak Group, we are committed to expanding our presence and business operations in both our domestic and export markets in 2024, aiming to regain the level we had before the disruption caused by the strike in late 2022.

At every opportunity, we will persist in our efforts to improve efficiency in production and trade. Within this context, we are confident that our efforts to enhance efficiency will yield additional benefits to our environmentally friendly company identity and commitment to sustainability.

We focus our market concentration on managing the domestic and foreign markets in balance, as always, and uninterruptedly delivering our high-quality products to our esteemed customers who have trusted the Kartonsan brand for generations.

On this occasion, I would like to express my gratitude to our Board of Directors, our employees, our customers, and all other stakeholders for their invaluable contributions to our journey of driving our brand into the future.

Kind Regards,

HALUK İBER
Board Member and General Manager

KARTONSAN BOARD OF DIRECTORS

GRI 405-1

Ünal BOZKURT

Chairman of the Board

Aslı BALKIR

Vice Chairman of the Board of Directors

Süleyman KAYA

Vice Chairman of the Board of Directors

Sinan Ercan GÜLÇUR

Board Member

Mehmet İMREGÜN

Board Member

Hatice Canan PAK İMREGÜN

Board Member

İlker CENGİZ

Board Member

Ahmet Göksel YÜCEL

Independent Member of the Board of Directors

Süleyman Kadri MİRZE

Independent Member of the Board of Directors

Recep BİLDİK

Independent Member of the Board of Directors

Rüya ESER

Independent Member of the Board of Directors

Haluk İBER

Board Member and General Manager

Information on the duties and duration of the members of the Board of Directors is presented at **OTHER INFORMATION AND MATTERS REQUIRED TO BE CLARIFIED PURSUANT TO THE LEGISLATION** section of this report.

EXECUTIVE MANAGEMENT OF KARTONSAN AND AFFILIATED COMPANIES

GRI 405-1



Süleyman KAYA
President of Packaging Group

He received his undergraduate degree from İstanbul Technical University Engineering Faculty, Mechanical Engineering Department. Mr. Kaya received graduate degree from Mechanical Faculty of NRW-Aachen Technical University, Germany. He started his career at Kartonsan in 1983 as a Project Engineer. After serving as Manager, Deputy General Manager and Member of the Board of Directors positions, he was appointed in 2012 as the Head of Packaging Group within the new structure, responsible for the companies in which Kartonsan is included, within the body of Pak Holding.



Haluk İBER
General Manager

He received his undergraduate degree from İstanbul Technical University, Chemical-Metallurgical Faculty, Chemical Engineering Department. He completed Chemical Engineering graduate program at The University of Maine. Joining Kartonsan as an R&D Engineer in 1991 and was appointed as the General Manager in 2012.



Güven ŞANLI
Mill Manager

He received his undergraduate degree from İstanbul Technical University, Sakarya Engineering Faculty, Electric-Electronic Engineering Department. Mr. Şanlı, who joined Kartonsan in 1997 as a Measurement and Control Maintenance Engineer, worked in various units at Kartonsan and was appointed as the Mill Manager in 2021.



Ş. Başak KAYA
Chief Manager of Human Resources and Quality Systems

Mrs. Kaya graduated from İstanbul University Faculty of Engineering, Environmental Engineering and completed the Business Administration Graduate Program of Kocaeli University Social Sciences Institute. Joining Kartonsan as a Customer Representative in 1999, Mrs. Kaya served in various departments of Kartonsan and was appointed as the Human Resources and Quality Systems Manager in 2014.



Atiye S. TUĞTEKİN
Chief Manager of Purchasing

Mrs. Tuğtekin graduated from Hacettepe University Faculty of Social and Administrative Sciences, Department of German Language and Literature, and completed Marmara University Foreign Trade Graduate Program. Mrs. Tuğtekin, who joined Kartonsan in 1977 in the Foreign Trade Department, was appointed as the Purchasing Manager in 2002.



R. Kemal ÖZKIRIM
Chief Manager of Marketing

He graduated from Boğaziçi University, Department of Civil Engineering. He completed his master's degree in Business Administration at the same university. He joined Kartonsan as Marketing Manager in 2002 and was appointed as Marketing Manager in 2005. He was elected as a Pro Carton Board Member in 2023.



Bülent KORU
Chief Manager of Financial Affairs

Mr. Koru graduated from İstanbul University, Faculty of Economics, Department of Finance and holds the SMMM (Free Accountant and Financial Advisors) certificate. He joined Kartonsan in 2002 as Financial Affairs Manager.



İhsan DOĞAN
Chief Manager of Technical Division

He graduated from Kocaeli University Mechatronics Engineering. He started working as a production engineer at Kartonsan in 2010, worked in various units and was appointed as Technical Manager in 2021.



Ümit DİNÇOL
Chief Manager of Production Services

He graduated from Anadolu University, Faculty of Engineering and Architecture, Department of Industrial Engineering. Mr. Dinçol, who joined Kartonsan in 1993 as an Operations Engineer, worked in various units of Kartonsan and was appointed as Production Services Manager in 2014.



Volkan TURT
Chief Manager of Production

He received his undergraduate degree from İstanbul Technical University, Chemical-Metallurgical Faculty, Chemical Engineering Department. Mr. Turt completed his master's degree in Chemical Engineering at The University of Maine. Mr. Turt joined Kartonsan in 1998 as a Production Engineer and was appointed as Production Manager in 2016.



Ümit ÖZKAN
Selka General Manager

He received his undergraduate degree from İstanbul Technical University, Faculty of Management, Industrial Engineering Department. Joining Kartonsan in 2002 as Production Services Manager, Mr. Özkan worked in various units at Kartonsan and was appointed as Selka General Manager in 2021.



M. Kayhan Ural
DÖNKASAN Company Manager

He graduated from Mimar Sinan University, Faculty of Arts and Sciences, Department of Sociology. Joining DÖNKASAN in 2010 as Assistant Sales and Marketing Manager, Mr. Ural worked in various units at DÖNKASAN and was appointed as DÖNKASAN Company Manager in 2015.

STRATEGY AND SUSTAINABILITY APPROACH

Trends: World, Türkiye, and Industry

Kartonsan's Response to Developments in the External Environment - How do we Manage?

Stakeholder Communication

Sustainable Development Goals (SDGs)

Corporate Governance at Kartonsan

Kartonsan's Sustainability Strategy

Kartonsan's Sustainability Policy

Value Creation Model



**THE 2022 ENERGY
CRISIS IS OVER**



**THE IMPACT OF
RECYCLING IS
INCREASING**



**INCREASING EFFECTS
OF CLIMATE CHANGE**

TRENDS: WORLD, TÜRKİYE, AND INDUSTRY



IN BRIEF

- The adverse effects of the energy crisis witnessed in 2022 have been considerably mitigated.
- As per the findings of the Intergovernmental Panel on Climate Change (IPCC), there has been a persistent rise in greenhouse gas emissions.
- Based on data provided by the Confederation of European Paper Industries (Cepi), there was a decline of 16.7% in paper and cardboard production in the EU during the first 8 months of 2023, in comparison to the corresponding period in 2022.
- According to the “European Carton Industry 2023” report of the European Carton Makers Association (ECMA), European coated cardboard production decreased to 6,371 thousand tons in 2023 (2022: 6,624 thousand tons).
- Turkey’s production of coated cardboard was 567 thousand tons (2022: 630 thousand tons), as stated in ECMA’s “European Cardboard Industry 2023” report.
- The industry’s future performance in 2024 will improve depending on the vitality of the domestic market.
- The gains to be achieved in the fight against inflation are expected to contribute to a resurgence in demand for coated cardboard, particularly in the latter part of the year. Additionally, the stable energy situation is anticipated to bolster the performance of the industry in 2024.
- The EU introduced legislation on 4 March 2024, regarding single-use plastic and single-use packaging, with the aim of promoting its reduction, reuse, and recycling, enhancing its safety, and bolstering the circular economy.

TRENDS: WORLD, TÜRKİYE, AND INDUSTRY



FOLLOWING THE ENERGY CRISIS

Despite the fact that most of the severe impacts of the 2022 energy crisis have been alleviated, the vulnerabilities in the energy markets persisted throughout 2023.

The geopolitical outlook in Ukraine and the Middle East, along with global economic instability and inflationary tendencies, have been the main triggers for the fragile structure of the market. Although fossil fuel prices stand at lower levels than their peak in 2022, they remain under pressure and unstable due to the ongoing war in the Middle East, along with the conflicts in Ukraine, which has entered its second year.

Despite persistent geopolitical uncertainties and developments, particularly in the Middle East, which mean that fluctuations in crude oil prices will continue, analysts assert that strategic measures such as production quotas might effectively mitigate excessive volatility in oil prices in 2024.

THE EMERGENCE OF A NEW CLEAN ENERGY ECONOMY, DRIVEN BY SOLAR ENERGY AND ELECTRIC VEHICLES (EVs), ENHANCES OPTIMISTIC PROSPECTS FOR THE FUTURE.

Since 2020, the amount invested in clean energy has increased by 40%. While the drive to reduce emissions is a crucial factor in these investments, the economic efficiency of clean energy technologies plays a major role in these choices. Energy security is another significant factor. Particularly for fossil fuel importing countries, clean energy is a crucial consideration as it relies on local resources.

This momentum suggests that there is still an opportunity at a challenging time to mitigate global warming and keep it below 1.5 °C.

INVESTMENTS IN RENEWABLE ENERGY CAPACITY REMAIN A TOP PRIORITY.

Fluctuations in energy prices encourage the global community to accelerate the energy transition and switch to renewable energy sources. The EU has declared that it will invest an additional EUR 210 billion in the green transition before 2027, including diversifying energy sources and accelerating investments in renewable energy to facilitate the replacement of fossil fuels.

It is anticipated that the total capacity increase in renewable energy worldwide will almost double in 2022–2027, with WPP and SPP investments accounting for over 90% of the renewable energy capacity to be included in the portfolio in the next five years.

MERELY REDUCING FOSSIL FUEL DEMAND AND EXPENDITURES IN THIS FIELD IS NOT SUFFICIENT FOR THE WORLD TO ACHIEVE THE PROJECTED MILESTONE IN THE NET ZERO EMISSIONS SCENARIO.

The key to achieving a smooth transition is a greater emphasis on investing in all aspects of the clean energy system. Policies that promote the removal of inefficient and polluting assets, like aging coal plants, or limit the introduction of new ones, can enhance the development of a clean energy system and its ability to reduce emissions. Nevertheless, it is crucial to expedite clean energy projects. In numerous developing economies beyond China, there is a critical need to significantly boost investments in energy transition by more than five times before 2030 in order to reach the levels required by the net zero emissions scenario.

An enhanced and widespread initiative, including stronger international support, will be vital to overcoming the barriers posed by high capital costs, limited funding from governments, and challenging markets.



CURRENT OUTLOOK IN TURKISH ENERGY MARKET

According to the results of the Turkey National Energy Plan, electricity consumption is projected to be 380.2 TWh in 2025, 455.3 TWh in 2030, and 510.5 TWh in 2035. The distribution of resources for electricity generation in 2023 was as follows: Coal accounted for 36.3%, natural gas 21.4%, hydropower 19.6%, wind 10.4%, solar 5.7%, geothermal 3.4%, and other sources 3.2%. By the end of January 2024, our country's installed capacity had reached 107,271 MW.

Energy efficiency, which facilitates the recovery of waste heat, the modernization and automation of electricity-consuming systems such as cooling, air conditioning, pumps, and fans, and the reduction of energy consumption, has a critical role in addressing energy issues.

Within this framework, energy efficiency in industry becomes an essential topic for all industries, considering that approximately one-third of Turkey's energy consumption is utilized by them.

EFFICIENCY STUDIES HAVE THE POTENTIAL TO SIGNIFICANTLY REDUCE ENERGY CONSUMPTION

When a business invests in renewable energy, the source of energy it consumes will change. Nevertheless, the energy consumption of the business will remain unchanged.

It is estimated that projects implemented within the scope of energy efficiency have the potential to reduce energy consumption by 20% to 50%, depending on the type and scope of the implementation. For this reason, the industry's reduction of energy consumption by first investing in energy efficiency and then transitioning to renewable energy sources will significantly reduce its investment cost.

As a result, providing energy from clean sources is essential but not sufficient for industrial organizations. In order to engage in export markets and contribute to resource efficiency and the circular economy, it is necessary to reduce energy consumption by ensuring energy efficiency.

DEVELOPMENTS IN THE CLIMATE CRISIS

OBSERVED WARMING AND ITS IMPACTS

THE 2023 SYNTHESIS REPORT BY IPCC HIGHLIGHTS THE ONGOING INCREASE IN GHG EMISSIONS.

Global warming is unequivocally caused by greenhouse gas emissions from human activities. In recent years, there has been a noticeable rise in the global surface temperature, surpassing the temperature recorded between 1850 and 1900 by 1.1 °C during the period of 2011–2020. With the increase in global temperature, unprecedented changes in the climate system for thousands of years have resulted in numerous consequences, including rising sea levels, extreme weather events, and the rapid melting of glaciers.

Modeling with high confidence limits indicates that unsustainable energy use, land use, and changes in land use, as well as contributions from varying lifestyles, consumption patterns, and production patterns across regions, countries, and individuals, are the main causes of the unprecedented rate of increase in global greenhouse gas emissions.

GLOBAL WARMING FINDINGS ACCORDING TO THE REPORT

- Greenhouse gas emission concentration is at an unprecedentedly high level in the last 2 million years.
- The level of glacier retreat is unprecedented in the last 2,000 years.
- The past 10-year period has been the warmest in the last 125,000 years.
- The rise in sea levels surpasses that of any other century in the past 3,000 years.
- The warming measured in the oceans has reached the highest rate since the last ice age.
- Ocean acidification is at its highest level recorded in the last 26,000 years.

TRENDS: WORLD, TÜRKİYE, AND INDUSTRY

COATED CARDBOARD, PRODUCED FROM RENEWABLE RESOURCES, CAN BE RECYCLED MANY TIMES, AND DOES NOT POLLUTE THE ENVIRONMENT BY DECOMPOSING WHEN LEFT TO NATURE, WILL GAIN NEW PROSPECTS IN THE UPCOMING PERIOD AS SUSTAINABLE PRODUCTS TAKE PRECEDENCE.

ACCORDING TO THE IPCC REPORT, CLIMATE CHANGE ADAPTATION MEASURES CAN EFFECTIVELY BUILD RESILIENCE. HOWEVER, A LARGE AMOUNT OF FINANCING IS NEEDED TO SCALE SOLUTIONS.

Despite the widespread consideration for climate policy adaptation in 170 countries as of 2023, the majority of them have yet to progress from the planning stage to actual implementation. Most measures to enhance resilience are on a smaller scale and tend to be reactive, primarily addressing immediate impacts or short-term risks. The disparity between current compliance levels and target levels can be attributed primarily to a lack of sufficient funding. According to the IPCC, developing countries alone will need USD 127 billion per year by 2030 and USD 295 billion per year by 2050 to adapt to climate change. Nevertheless, the level achieved by adaptation funds falls far behind this. The good news is that, with adequate support, proven and readily available adaptation solutions can build resilience to climate risks and, in many cases, simultaneously deliver broader sustainable development benefits. Studies on ecosystem-based adaptation, for example, will help communities adapt to the devastating impacts that currently destroy their lives and livelihoods while also contributing to topics such as safeguarding biodiversity, improving health conditions, and bolstering food security.

The transition towards a low-carbon economy depends on a wide range of closely interrelated drivers and limitations.

Despite the promising results of significant progress made in the last decade, effectively addressing the challenges posed by the climate crisis requires bolstering adopted policies, fostering coordinated efforts, and promoting industrial collaboration as well as between countries.

GLOBAL INTEREST IN RECYCLING PROVIDES ADVANTAGES TO THE COATED CARDBOARD INDUSTRY AND ITS PRODUCTS.

Coated cardboard, produced from renewable resources, can be recycled many times, and does not pollute the environment by decomposing when left to nature, will gain new prospects in the upcoming period as sustainable products take precedence. An accurate evaluation of these opportunities will depend on a thorough understanding of emerging global trends and developing products accordingly. There may also be risks associated with this process. As we have experienced during the COVID-19 pandemic, there may be significant volatility in raw material supply and prices, making it challenging to promptly respond to increasing demand due to issues in sourcing raw materials.

The EU Green Deal, which serves as an overarching goal, aims to make the European continent the first climate-neutral continent by 2050. The EU aims to achieve a cleaner environment, more affordable energy, smarter transportation, new employment opportunities, and an overall better quality of life by 2050. Announced in 2019, the European Green Deal aims to achieve this goal by implementing green transformation in various business lines, including agriculture, industry, energy, and transportation.

The European Union intends to implement the Carbon Border Adjustment Mechanism in order to mitigate the adverse consequences of this process on its economy as it progresses toward a zero-carbon future.

This mechanism is going to demand a fee or tax from countries that do not have carbon pricing on their exports to the EU. Essentially, the Carbon Border Adjustment Mechanism aims to protect the competitiveness of companies bearing the costs of climate protection measures in the EU.



The EU's "green transformation" is expected to have an impact on Turkey, which heavily relies on the EU for almost half of its exports. Implementing the carbon border adjustment mechanism, a tax-like practice, will impose a cost on Turkey's GDP. The climate issue will lead to higher costs in industries including cement, energy generation, fertilizer, iron and steel, and aluminum. However, the main challenge will be accessing financial resources, unless Turkish companies adopt permanent policies and practices to address the climate crisis.

Strategically considering the impact of the Green Deal on different sectors and ensuring a seamless transition to meet the requirements of the deal is crucial. The Ministry of Commerce has released an Action Plan consisting of thirty-two goals and eighty-one actions under nine basic criteria, which will be implemented through the collaboration of both the public and private sectors. The plan, which functions as a road map, aims to improve Turkey's export competitiveness, elevate Turkey's standing in the global arena, boost green investments within the country, and establish Turkey as a center of attraction for green investments.

While the carbon border adjustment mechanism may initially place an additional burden on exporting companies, it is critical for our country to view and assess this situation as an opportunity to transition to a circular economy in the medium and long run.

SHRINKAGE EXPERIENCED IN THE EUROPEAN COATED CARDBOARD INDUSTRY

In 2023, the implementation of high interest rates caused economic activity in the EU area to weaken. This policy, implemented to fight high inflation rates, has caused a decline in consumption volumes and a slowdown in the destocking process within the supply chain.

This process, which caught the paper and cardboard markets with high stocks on both the supply and demand sides, had a negative impact.

According to Cepi data, the production of paper and cardboard in the European Union (EU) declined by 16.7% during the first 8 months of 2023, compared to the corresponding period in 2022. According to the ECMA's "European Cardboard Industry 2023" report, the production of coated cardboard in Europe decreased to 6,371 thousand tons in 2023 (2022: 6,624 thousand tons).

During the same period, there was a 13% decline in packaging production. As box production had a relatively better performance compared to packaging paper and cardboard, with a decrease of 8.8%, the production of hygiene and household cleaning papers was also affected by the crisis environment, experiencing a decrease of 4.8%. The supply of newsprint decreased by 22.1%, while overall pulp production decreased by 7.7%.

Cellulose prices experienced a significant decrease from autumn 2022 until the conclusion of 2023. The quantity of Eucalyptus pulp had a reduction of almost 40% from September 2022 to August 2023, whereas the Bleached Softwood Pulp declined by 20–30%.

In Europe, the utilization of Paper for Recycling (PfR) had a fall of 9.8% during the initial 9 months of 2023, in comparison to the corresponding period in the previous year. Although the utilization of corrugated and kraft grades, which constitute the largest category within PfR, recovered following a sharp drop witnessed in the latter half of 2022, the percentage stayed at a lower level of 5.5%.

Energy prices in the EU first peaked in the first half of 2022 due to the Russia-Ukraine crisis, but subsequently declined significantly. However, by mid-2023, they had continued their course above the long-term average.

TRENDS: WORLD, TÜRKİYE, AND INDUSTRY

THE EUROPEAN COATED CARDBOARD MARKET EXPERIENCED STEADY GROWTH, WITH A VOLUME INCREASE FROM 5,749 THOUSAND TONS IN 2017 TO 6,624 THOUSAND TONS IN 2022.

REGARDING THE IMPACT OF THE STOCKS...

The ECMA's "European Cardboard Industry 2023" report highlights a varied outlook on the European coated cardboard market. Due to COVID-19, both ghost and panic orders have increased significantly, resulting in a substantial stock buffer within the system. According to estimates, purchases made over the past three years exceeded production by approximately 1.8 million tons. In order to effectively decrease the current stock, a volume equivalent to 25% of coated cardboard production in Europe must be depleted immediately.

The European coated cardboard market experienced steady growth, with a volume increase from 5,749 thousand tons in 2017 to 6,624 thousand tons in 2022. This represents an average annual increase of 2.9%. Forecasts indicate that production will reach 7,119 thousand tons by 2027, with an average annual growth rate of +2.7% over the next 5 years. +1.5% of the projected growth is expected to be driven by market growth, while another +1.2% will be attributed to the substitution of plastic packaging.

Based on the estimates provided in the report, the five largest coated cardboard-producing countries in 2027 will be Germany with 1,215 thousand tons, Poland with 967 thousand tons, Italy with 753 thousand tons, Turkey with 730 thousand tons, and England with 718 thousand tons, respectively.

SUSTAINABILITY AND PLASTIC SUBSTITUTES

Following the COVID-19 pandemic, there has been a noticeable shift among consumers and retailers towards sustainable packaging options, with a decrease in the use of plastic. For this substitution, coated cardboard and corrugated cardboard stand out as prominent options.

The EU introduced laws on 4 March 2024, regarding single-use plastic and packaging. The objective of this legislation is to decrease the use of such packaging, promote its reuse and recycling, enhance its safety, and encourage the adoption of a circular economy.

The new legislation aims to improve the safety and sustainability of packaging within the EU by mandating that all packaging must be recyclable, reducing the use of hazardous substances, increasing the amount of recycled materials used, and promoting recycling practices.

The legislation additionally establishes targets for reducing packaging. The European Union countries are expected to decrease the quantity of packaging waste, particularly plastic waste, by 5% by 2030, 10% by 2035, and 15% by 2040.

IN THE YEAR 2023, THERE WAS A NOTICEABLE SHRINKAGE IN THE MARKETS DUE TO THE TIGHTENING POLICIES THAT WERE IMPLEMENTED ON A GLOBAL SCALE AND AIMED AT REDUCING HIGH INFLATION.

THE TURKISH COATED CARDBOARD INDUSTRY SPENT 2023 UNDER THE IMPACTS OF THE EARTHQUAKE AND GLOBAL INFLATION.

During the period that started with the COVID-19 pandemic and continued until the end of 2022, the coated cardboard industry experienced significant growth and development on a global scale. Particularly, the rapid growth in e-commerce has led to a higher demand for coated cardboard as a packaging material in Turkey, as well as in many other countries. As a result, finding products in certain areas has become more challenging. Actors on both the consumption and production fronts were compelled to proceed with stocks due to this situation.

In the year 2023, there was a noticeable shrinkage in the markets due to the tightening policies that were implemented on a global scale and aimed at reducing high inflation. This situation had an adverse impact on the coated cardboard industry, leading to a process of shrinkage. Producers facing a challenging market have responded by lowering prices and prioritizing liquidation of their stocks.

Amidst the reversed market conditions, excess supply and lack of demand dominated the year, leading to a slowdown in the industry globally, including Turkey. European producers prioritized selling their surplus stock to the Turkish market at reduced margins, further straining the performance of local producers.

The earthquakes in Kahramanmaraş, Turkey, on 6 February 2023 had a significant impact on the macroeconomic axis, resulting in a loss of over 100 billion dollars. The markets were particularly affected in the first quarter of the year, experiencing a downward trend.

The latest report by ECMA, titled "European Cardboard Industry 2023", shows that the production of coated cardboard boxes in Turkey reached 567 thousand tons (2022: 630 thousand tons).



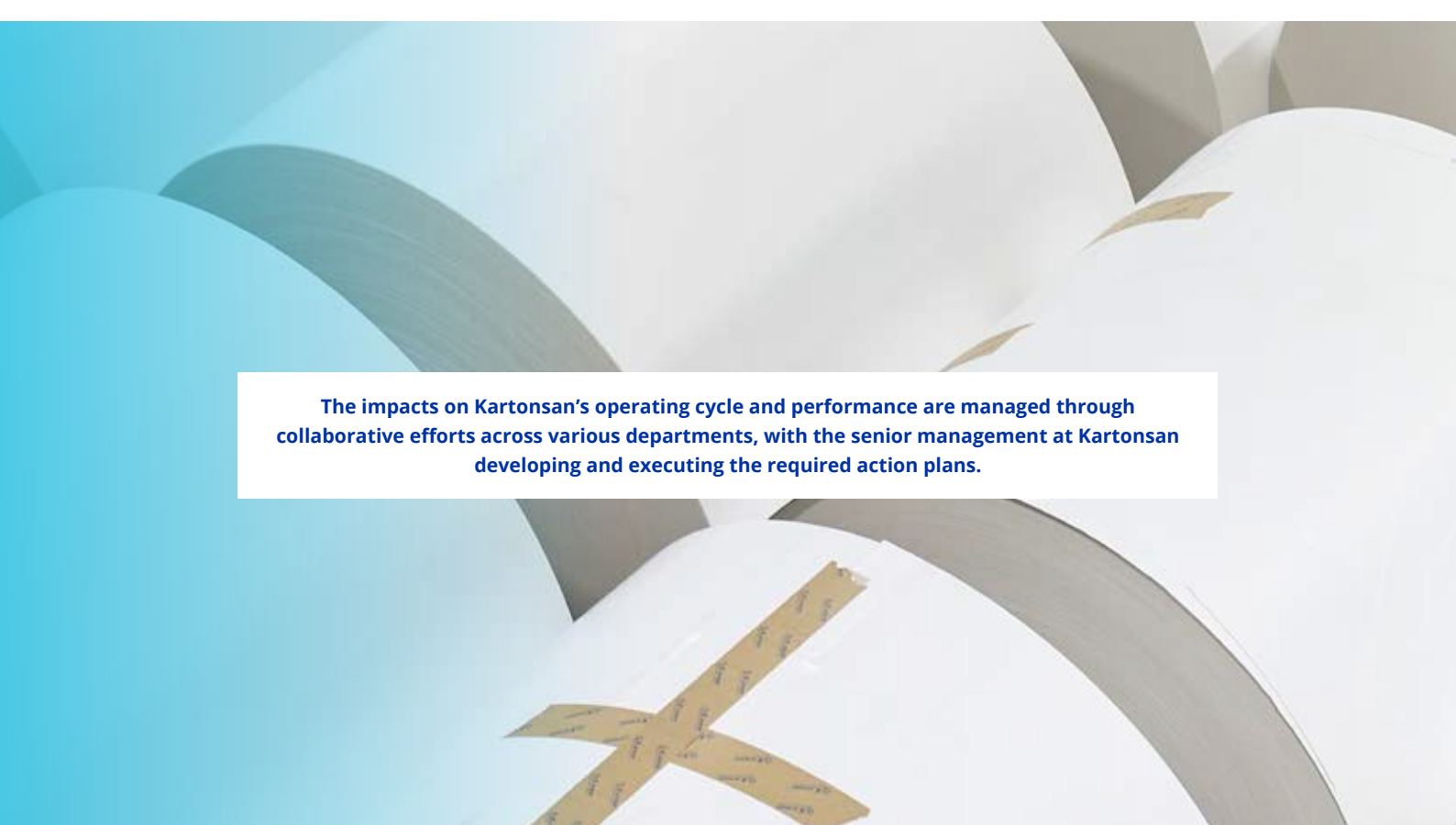
2024 PERSPECTIVE

The performance of the industry in 2024 will be contingent upon the vitality of the domestic market. The anticipated benefits of fighting inflation are expected to contribute to a resurgence in demand for coated cardboard, particularly in the latter half of the year. Evenly progressing conditions on the energy front appear to be a factor that is promising for 2024.



KARTONSAN'S RESPONSE TO DEVELOPMENTS IN THE EXTERNAL ENVIRONMENT - HOW DO WE MANAGE?

KARTONSAN CONSIDERS CLIMATE-RELATED RISKS AND OPPORTUNITIES AS PHYSICAL AND TRANSITIONAL RISKS.



The impacts on Kartonsan's operating cycle and performance are managed through collaborative efforts across various departments, with the senior management at Kartonsan developing and executing the required action plans.

The impacts on Kartonsan's operating cycle and performance are managed through collaborative efforts across various departments, with the senior management at Kartonsan developing and executing the required action plans.

Extreme weather events, extreme temperatures, droughts, increased stress in water resources, national and international new regulations associated with climate change, stakeholder expectations, changes in market expectations with the transition to a low-carbon economy, and new technologies that improve the environmental footprint of the coated cardboard production cycle are considered climate-related risks and opportunities.

Besides, transition risks are defined as the potential challenges arising from various factors such as climate policies and legislation in the country where production operations take place, legislative changes in the countries where commercial activities are conducted, developments in technology, fluctuations in raw material and input prices, shifts in consumer preferences, and fluctuations in financial markets.

The impact of risks and opportunities in these two categories on Kartonsan's operating cycle and performance is handled through the collaborative efforts of various units, and the requisite action plans are developed and implemented by Kartonsan's senior management.

The Kartonsan Sustainability Policy outlines fundamental approaches to climate-related risks. Kartonsan considers and monitors physical damages and their associated costs that may arise as a consequence of potential extreme weather events, operational greenhouse gas emissions, water, and energy consumption as climate-related issues.

The ISAE 3410 International Assurance Audit Standard has verified that Kartonsan's Scope 1 greenhouse gas emissions, which it calculates and reports to the authority on an annual basis, are satisfactory in 2023. The pertinent statement is provided within the appendices section of this report.

Kartonsan's goal is to mitigate greenhouse gas emissions resulting from its operational activities. The Company remains committed to its efforts in this regard and intends to disclose its annual objectives to the public in the coming period.

THE EUROPEAN GREEN DEAL IS A DEVELOPMENT THAT KARTONSAN CONSIDERS AND CLOSELY MONITORS WITHIN THE SCOPE OF TRANSITION RISKS.

The potential risks and opportunities that the European Green Deal may pose in the medium term are being assessed, and action plans are being developed accordingly.

PROACTIVE CONTROL OF INPUT COSTS IS CRUCIAL FOR KARTONSAN'S SUCCESS.

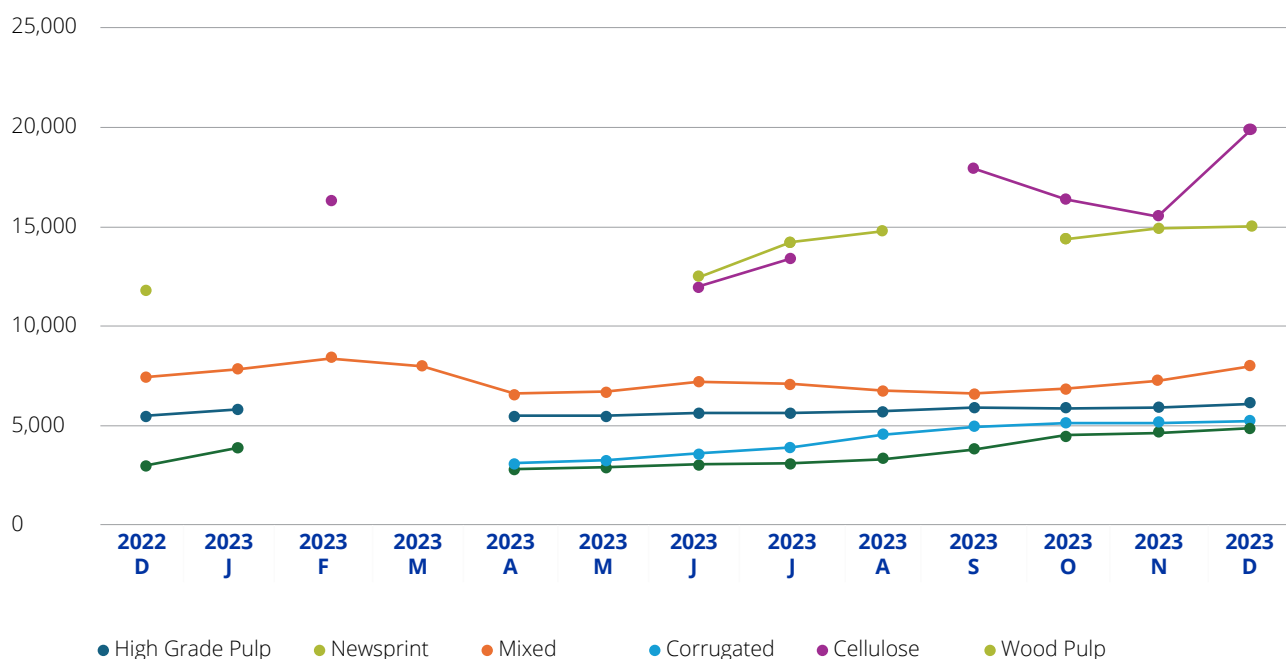
The basic input groups of Kartonsan's production cycle are waste paper, wood pulp, cellulose, and energy. The Company manages changes in its inputs through a proactive supply policy and a short- to medium-term planning approach.

The pricing of waste paper exhibited a volatile trajectory over the course of 2023. Within this group of raw materials, Kartonsan supplies high-quality pulp, newsprint, mixed, and corrugated waste paper for use in the production process.

The waste paper supply was replenished by receiving and stocking the imported inputs ordered at the end of 2022, along with the returned newsprint. Throughout the strike period from January to March, there was no supply of waste paper.

KARTONSAN'S RESPONSE TO DEVELOPMENTS IN THE EXTERNAL ENVIRONMENT - HOW DO WE MANAGE?

2023 WASTE PAPER FEATURES COURSE (TL/TON)

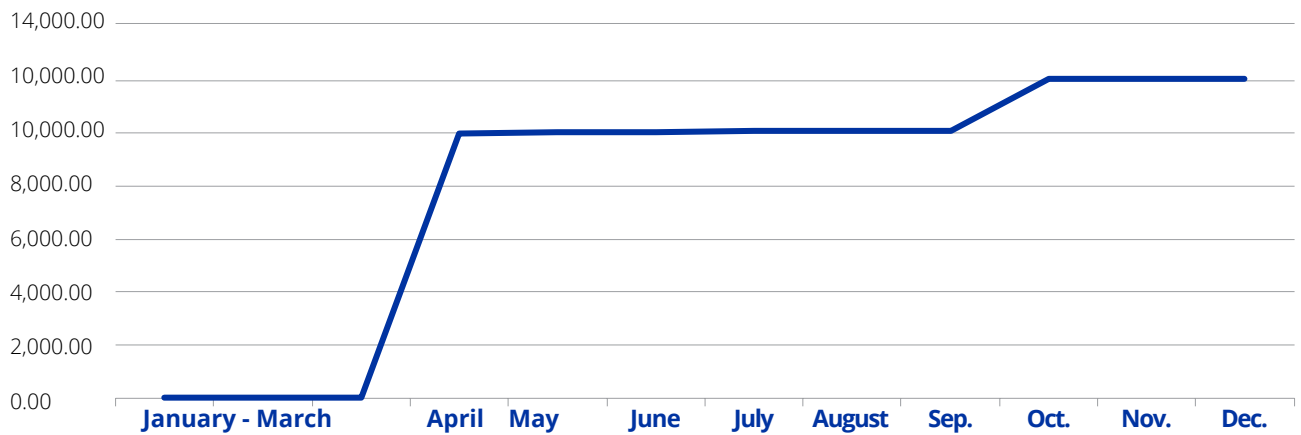


	2022 Dec.	2023 Jan.	2023 Feb.	2023 Mar.	2023 Apr.	2023 May	2023 June	2023 July	2023 Aug.	2023 Sep.	2023 Oct.	2023 Nov.	2023 Dec.
High Grade Pulp	5,479	5,830			5,477	5,464	5,597	5,610	5,704	5,925	5,871	5,910	6,117
Newsprint	7,463	7,869	8,432	8,006	6,581	6,670	7,212	7,087	6,726	6,568	6,834	7,246	8,018
Mixed	2,976	3,898			2,754	2,864	3,038	3,077	3,294	3,807	4,533	4,673	4,900
Corrugated	3,030				3,094	3,208	3,568	3,871	4,559	4,962	5,138	5,161	5,285
Cellulose			16,366				11,985	13,411		17,944	16,388	15,544	19,898
Wood Pulp	11,848						12,443	14,235	14,821		14,411	14,967	15,088

The decline in the prices of cellulose, another raw material of Kartonsan, persisted for a significant part of 2023 and then entered a slight upward trend in the second half of the year.

As mentioned in the section of our report titled FOLLOWING THE ENERGY CRISIS, energy prices peaked in 2022 and remained relatively balanced in 2023. Within this context, the relatively stable trend of energy prices compared to 2022 has provided an advantageous opportunity in terms of managing production costs at Kartonsan..

2023 NATURAL GAS UNIT PRICE (TL/SM³)



As a result of the strike at Kartonsan, production halted, and no natural gas was purchased.

January-March	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.
- - -	10,012.40	10,022.91	10,027.05	10,110.10	10,088.74	10,078.81	12,060.92	12,068.27	12,065.99

Source: Market prices in Kartonsan database that constitute the basis for purchasing

Production inputs such as **chemicals, machinery spare parts, and maintenance services** were impacted by exchange rate fluctuations due to their reliance on foreign currency.

STAKEHOLDER COMMUNICATION

GRI 2-29, 3-1, 3-3

Kartonsan places importance on its stakeholders and material issues, as they are the key components within the framework of company's strategy for creating inclusive and sustainable value.

Kartonsan carries out continuous and effective communication and interaction with its stakeholders. This process mainly takes place in the employment, production and trade cycles and on different platforms.

Kartonsan leverages feedback, suggestions, and data obtained through stakeholder communication as valuable and guiding inputs across various topics, including

- determining strategic material issues,
- establishing corporate policies,
- developing social responsibility projects
- managing risks and opportunities

KARTONSAN'S STAKEHOLDERS

Investors (including shareholders)
Customers
Suppliers
Employees
NGOs
Regulatory authorities

Other material topics included in Kartonsan's 2021 and 2022 Integrated Annual Reports are categorized as "priority" and "under observation" and are maintained in this report as well.

1. Resilience

2. Product quality and safety
3. Product innovation
4. Responsible consumption and production
5. Water and waste water management
6. Recycling of waste
7. Economic and clean energy use
8. Career development and employment opportunities
9. OHS

Collaboration with industrial associations and organizations

Kartonsan maintains close communication with industrial associations and organizations regarding sustainability and ESG matters within the context of stakeholder dialogue. Among these are ECMA, CEPI, and PRO CARTON ECMA, CEPI and PRO CARTON abroad and AGED, KASAD and SKSV in Turkey. Kartonsan has conveyed its viewpoints and recommendations to TOBB via SKSV with respect to the modifications in legislation and legal framework for the year 2023, as it has done in previous years. The company has engaged with ECMA, CEPI, and PRO CARTON, prominent organizations within the overseas coated cardboard industry, and has participated in their meetings.

STAKEHOLDER ANALYSIS STUDY

Kartonsan carried out stakeholder analysis studies on a regular basis in order to identify its strategy and material issues in line with the opinions of its stakeholders and in order to share information regarding stakeholders' material issues within the scope of its periodic reporting. The Company aims to carry out stakeholder analysis studies every two years in principle, taking into account its established strategy and business model based on a long-term perspective.

Kartonsan senior management reassessed the results of the comprehensive stakeholder analysis study it conducted in 2021 in the context of macroeconomic and sectoral trends in order to achieve this objective. As a result of the assessment, Kartonsan Sustainability Committee set 9 topics as the focus areas of the Company within the scope of 2023 activities.

The following are the key points of the "resilience" topic, which was incorporated into Kartonsan's material topics in 2023:

- Rising pressure caused by global and local macroeconomic conditions (high inflation, borrowing and input costs)
- Relative stagnation in domestic consumption
- Shrinkage and economic concerns in export markets
- Change in competitive conditions within the domestic market
- Natural disasters - 6 February 2023 Kahramanmaraş Earthquakes

GRI 2-29, 3-1, 3-2, 3-3

IDENTIFYING MATERIAL TOPICS THAT ALIGN WITH STAKEHOLDERS' EXPECTATIONS IS KEY FOR KARTONSAN, WHICH REFLECTS ITS INTEGRATED MANAGEMENT PERSPECTIVE ON ITS BUSINESS STRATEGY AND BUSINESS PROCESSES.

Methodological information on stakeholder analysis

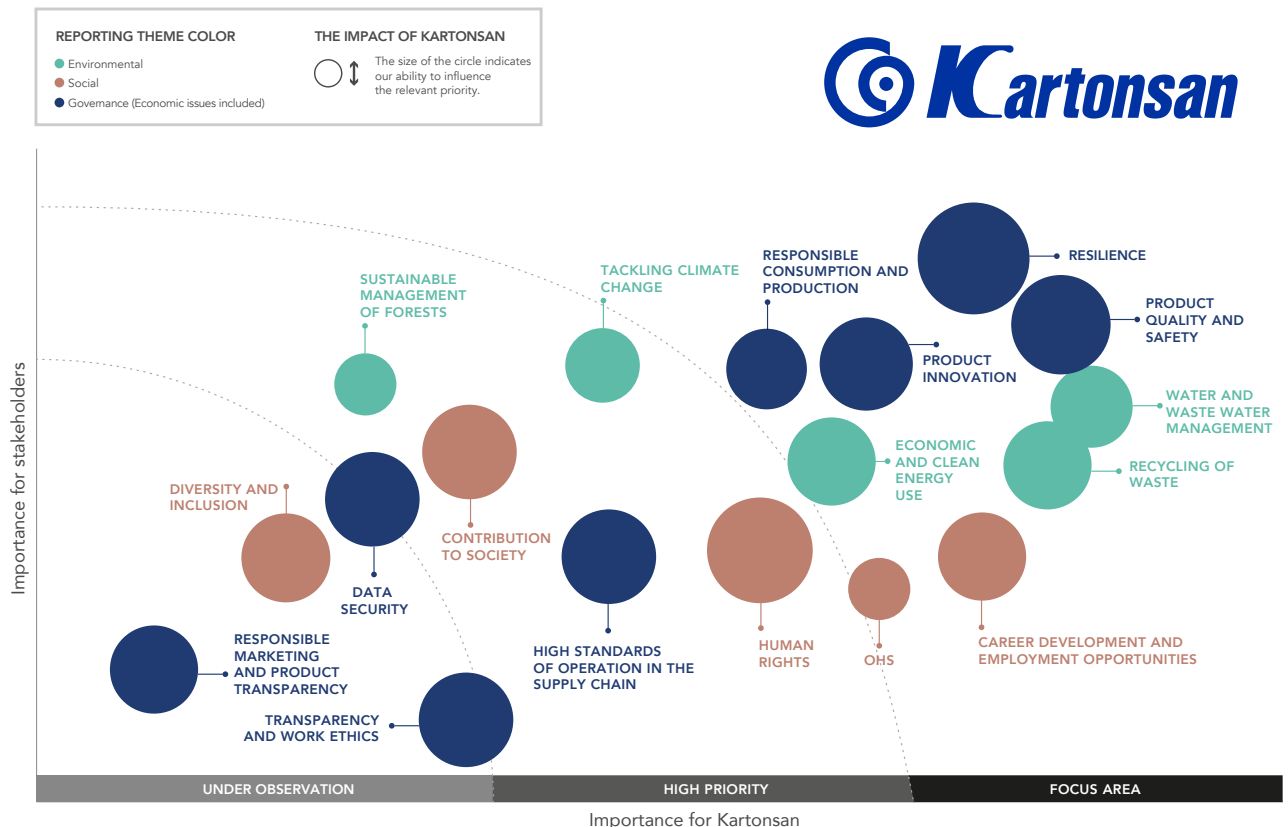
Kartonsan stakeholder analysis, which is used in this report, is based on qualitative research methods in addition to quantitative analysis methods. In accordance with the AA1000 Stakeholder Participation Standard, sample groups were identified and surveys, e-meetings and telephone conversations were carried out on electronic platforms with these groups.

In the interviews, open-ended questions were asked to collect information on the perceptions and attitudes of stakeholders regarding Kartonsan, as well as their personal motivations and material issues. The quantitative research section of the stakeholder analysis

was conducted through a survey with questions which analyzed stakeholder perceptions towards Kartonsan and their views on sustainability material issues. In the same context, interviews were held with Kartonsan's senior management in an e-meeting format.

Gap Analysis

Building upon the results of the comprehensive gap analysis conducted in 2021, Kartonsan has proceeded with its ESG efforts in 2022 and 2023. As a result of the updating studies which were conducted, the material issues of stakeholders and the Company management were reviewed simultaneously with the outcomes of gap analysis and ranked within the scope of the materiality matrix.



STAKEHOLDER COMMUNICATION

GRI 2-29, 3-1, 3-2, 3-3

Based on the update results, which serve as a reference for the 2023 operating period, 3 material topics with an environmental theme, 4 with a governance (economic) theme, and 2 with a social theme were classified as high priorities for both Kartonsan and its stakeholders.

OHS, which is considered a high priority by internal stakeholders, and career development and training opportunities are among the focus areas because they are of primary and constant focus for Kartonsan's human resources and are closely related to the success of the Company. Viewing human resources as the basis of its successful and sustainable performance, Kartonsan's management confirmed the materiality and strategic importance of these issues during its online meetings, where it was stated that increasing employee development and satisfaction through investment in human resources was a key factor in the overall success of the company.

The results attained are in line with Kartonsan's mission, as well as its core objectives and strategies. Kartonsan's identity as a recycling company, contributing to Turkey's economic development, as well as its mission and activities shaped around this identity are evidently included in company's material issues.

Data security, human rights, high work standards in the supply chain, transparency and business ethics within the scope of contribution to society and sustainability strategies are issues that remained of importance for internal stakeholders. On the other hand, both internal and external stakeholders prioritize diversity and inclusion on the social context equally with responsible marketing and product transparency under the topic of governance.

Kartonsan significantly contributes to the preservation of the world's forests by using minimal quantities of cellulose and wood pulp. Kartonsan supplies its cellulose raw material for production from FSC-certified sustainable sources. The Company aims to evaluate alternative raw materials that will reduce the use of forest products per ton in future production. Kartonsan has made "sustainable forest management" one of its priorities through the contributions provided in the context of the recycling facility identity.

THE CONNECTION BETWEEN -MATERIAL ISSUES AND ESG MATTERS

The table outlines the highly material issues identified through the stakeholder analysis study. It includes information on the stakeholders affected by these issues, the relationship between the material issues and Kartonsan's strategies, the SDGs that the company's performance serves, and the section of the report that details the activities related to each material issue.

ESG LINK TO MATERIAL ISSUES

ENVIRONMENTAL

Water and wastewater management
Waste recycling
Economic and clean energy use

SOCIAL










Career development and training opportunities
OHS

GOVERNANCE

Resilience
Product quality and safety
Product Innovation
Responsible consumption and production

GRI 2-29, 3-3, 302-4, 302-5

KARTONSAN'S PERSPECTIVE ON MATERIAL ISSUES, AND STAKEHOLDER, SDGs CLASSIFICATION

Focus Area	Relevant Stakeholders (Internal/ External)	Materiality Strategy	SDGs	The Relevant Section of the Report
Water and waste water management	Internal and external stakeholders	Management of wastewater, one of the main inputs in the process of coated cardboard manufacturing, is among the focus areas. Kartonsan has performed successfully in this field with its projects carried out under the support of R&D and engineering activities. Kartonsan's strategic goal is to reduce the use of water within the scope of natural resource consumption to the lowest possible level and to further improve wastewater acquisition with new investments. The company continued to work on Process Water Improvement and Waste Dewatering projects in 2023	 	OVERALL REVIEW OF THE YEAR 2023 AND ACHIEVEMENTS KARTONSAN AND THE ENVIRONMENT
Waste recycling	Internal and external stakeholders	Kartonsan documented its waste management with the zero waste certificate and considers itself as a recycling company. The company contributes significantly to the circular economy by using waste paper for 91% of its production. Kartonsan's waste management approach initially involves reducing waste at the source and then disposing of wastes where are not suitable for recycling, and then recycling at a later stage.	 	OVERALL REVIEW OF THE YEAR 2023 AND ACHIEVEMENTS KARTONSAN AND THE ENVIRONMENT
Economic and clean energy use	Internal and external stakeholders	Kartonsan implements energy management practices in compliance with the ISO 50001 standard. The Company's objective is to enhance energy efficiency in the production process and ensure the optimal utilization of energy in production.	 	OVERALL REVIEW OF THE YEAR 2023 AND ACHIEVEMENTS KARTONSAN AND THE ENVIRONMENT
Career development and training opportunities	Internal stakeholders	Ensuring that its personnel has current and relevant technical and professional skills is an essential matter for Kartonsan. Kartonsan employs in-house training and education programs to enhance the capabilities and expertise of its workforce.		KARTONSAN AND HUMAN RESOURCES
OHS	Internal stakeholders	OHS is an indispensable priority. OHS is one of Kartonsan's fundamental commitments to its employees. Kartonsan conducts all its operations in adherence to the ISO 45001 standard and undertakes multifaceted efforts to achieve the zero accident target.		OCCUPATIONAL HEALTH AND SAFETY AT KARTONSAN
Resilience	Internal and external stakeholders	The resilience focus area, which gained prominence during the extraordinary market conditions of 2023, aims to implement strategies that will minimize Kartonsan's vulnerability to external challenges in terms of financial and operational capabilities.		OVERALL REVIEW OF THE YEAR 2023 AND ACHIEVEMENTS

STAKEHOLDER COMMUNICATION

GRI 2-29, 3-3

Focus Area	Relevant Stakeholders (Internal/ External)	Materiality Strategy	SDGs	The Relevant Section of the Report
Product quality and safety	Internal and external stakeholders	Product quality and safety are among Kartonsan focus areas. At the other end of the production-trade cycle, product quality and safety, which ensures continuity in customer and end-user satisfaction, are among the determinants of operational and financial performance.		OVERALL REVIEW OF THE YEAR 2023 AND ACHIEVEMENTS
Product innovation	Internal and external stakeholders	Kartonsan defines product innovation as another important component of its sustainable performance. When the company's brand value and long-term value generation strength are taken into consideration, also in terms of human health, product innovation aims to develop and produce coated cardboard types which fully meet the requirements of changing global and local regulations.		OVERALL REVIEW OF THE YEAR 2023 AND ACHIEVEMENTS
Responsible consumption and production	Internal and external stakeholders	To serve a sustainable world both in terms of its production cycle and its raw materials, and therefore support and enhance responsible and conscious consumption, is a strategic goal for Kartonsan.		OVERALL REVIEW OF THE YEAR 2023 AND ACHIEVEMENTS
In addition to its high-material issues, Kartonsan produces and shares direct and indirect economic value for the Turkish economy, shareholders and investors, employees and other stakeholders with its economic performance. This value is also reflected in Kartonsan's contribution to eight SDGs.				OVERALL REVIEW OF THE YEAR 2023 AND ACHIEVEMENTS CORPORATE SOCIAL RESPONSIBILITY

OTHER MATERIAL TOPICS

Apart from the focus areas, the developments recorded in 2023 under the following headings in the materiality matrix are included in the relevant sections of the report:

- Fight against climate change
- Sustainable management of forests
- Contribution to society
- Human rights
- Ensuring strong of labor standards in the supply chain
- Data security
- Diversity and inclusion (A structure that embraces people of different ages, genders and backgrounds)
- Transparency and ethical business conduct
- Responsible marketing and product transparency

SUSTAINABLE DEVELOPMENT GOALS

The agreement, entitled “Transforming Our World: 2030 Agenda for Sustainable Development”, adopted by 193 member states of the United Nations on 25 September 2015, consists of 17 Sustainable Development Goals (SDGs) and 169 sub-titles.

The 17 Sustainable Development Goals have gone beyond the Millennium Development Goals by delivering a broad sustainability agenda.

SDGs aim to find solutions to the main causes of poverty and ensure development as a universal need for all. The global consensus around SDGs marks an important milestone in driving our world towards a more inclusive and sustainable growth path.

Today, tens of thousands of companies and non-governmental organizations globally are experiencing new and exciting processes in line with the objectives defined within the scope of the SDGs. Classical ways of doing things are being reviewed in the light of the universal criteria for sustainability.

KARTONSAN DIRECTLY CONTRIBUTES TO 9 SDGS, WHICH ARE IN ITS IMPACT AREA DUE TO THEIR PROMINENCE IN LINE WITH ITS OPERATIONS. THE EXPLANATION OF THE CONTRIBUTION TO THESE GOALS CAN BE FOUND IN THE FOLLOWING PAGES.

SUSTAINABLE DEVELOPMENT GOALS



CORPORATE GOVERNANCE AT KARTONSAN

GRI 2-9, 2-12, 2-13, 2-14, 2-17, 2-18, 2-27, 205-1, 205-2, 205-3, 405-1

THE CORPORATE GOVERNANCE PROCESS PLAYS A CRUCIAL ROLE IN THE SUCCESS OF KARTONSAN. THE CORPORATE GOVERNANCE CYCLE IS A DISCIPLINED PROCESS THAT INVOLVES THE CONTRIBUTIONS OF ALL EMPLOYEES AND IS DESIGNED TO ENSURE STRICT ADHERENCE TO LAWS AND REGULATIONS, INCLUDING ALL ASPECTS OF THE COMPANY'S OPERATIONS.

THE IMPORTANCE AND REQUIREMENT OF CORPORATE GOVERNANCE

Good corporate governance ensures that the board of directors of a company holds regular meetings, maintains control over the business cycle, and has clearly defined responsibilities. A strong risk management system is supported by corporate governance.

Corporate governance facilitates sound and effective decision-making through processes, practices and policies.

In a nutshell, corporate governance serves as a cornerstone for all corporate activities.

STRUCTURING OF CORPORATE GOVERNANCE AT KARTONSAN

Kartonsan carries out its activities with the highest adherence to the standards of transparency, accountability, fairness and responsibility.

Kartonsan believes that sustainable success is built as a result of trust-based cooperation between stakeholders. Corporate governance, on the other hand, encourages active cooperation between stakeholders and involves teamwork, which is the main element of competitiveness.

Corporate governance at Kartonsan is structured according to the Corporate Governance Principles determined by the Capital Markets Board (CMB). Kartonsan's unwavering goal is to ensure full compliance with these principles, to maintain them and to continuously improve the relevant practices.

The Board of Directors at Kartonsan and its senior management team lead and guide the company in corporate governance.

The Board of Directors consists of a total of 12 members, four of whom fully meet the independence criteria set out by the CMB. The other eleven members of the Board of Directors are members who do not take part in the implementation, in accordance with the definitions published by the CMB.

The duties of Chairman of the Board of Directors and General Manager are performed by different persons. The General Manager, who serves as the head of the execution, is also a member of the Board of Directors.

Three women were members of the Board of Directors during the reporting period. In 2025, the ratio of women on the Board of Directors was 25%.

Within the scope of its commitment to generate value for shareholders, investors and other stakeholders, Kartonsan has developed and implemented corporate governance policies, principles and practices. Corporate governance activities carried out in the Company under the direction of the Board of Directors are aimed at:

- the development of risk,
- compliance and ethical cultures,
- the establishment and approval of strategies,
- setting targets,

ensuring their implementation, and identifying and eliminating risks that may affect the business.

Corporate governance is the assurance of corporate success in fluctuating economic conditions. In line with the changing legal framework and developing market conditions, the Board of Directors at Kartonsan regularly reviews and updates corporate governance practices, focusing on the best ways to protect and represent the interests of its shareholders and stakeholders.

In accordance with the provisions of both the Turkish Commercial Code and the Declarations on the Determination and Implementation of the Corporate Governance Principles of the CMB, an Audit Committee, Corporate Governance Committee, Early Detection of Risk Committee and Sustainability Committee were established to enable the company's Board of Directors to fully fulfill their duties and responsibilities. The Corporate Governance Committee, Nomination Committee and the Remuneration Committee also perform duties in accordance with the CMB declarations.

All members of the Audit Committee are elected from among independent members. The chairing duties of the Corporate Governance and Early Detection of Risk Committees are also performed by independent members.

GRI 2-9, 2-12, 2-13, 2-14, 2-17, 2-18, 2-27, 205-1, 205-2, 205-3, 405-1

Detailed information on the committees can be found under the section of ADDITIONAL INFORMATION AND CONSIDERATIONS THAT SHOULD BE DISCLOSED IN LINE WITH LEGISLATION section of the report.

COMPLIANCE WITH THE LAW AND ETHICAL RULES**Kartonsan places utmost importance on complying with the laws and ethical standards**

Kartonsan considers adhering to the rules of law and ethical values in production, trade and employment cycles; a work culture based on trust; producing high-quality, accurate and reliable results; and respecting nature and the environment as essential elements of its corporate culture.

During the reporting period, no reports were made to the Company through the relevant channels regarding codes of conduct, human rights violations or cases of corruption. No lawsuits were filed against Kartonsan in these matters during the reporting period.

SUSTAINABILITY MANAGEMENT AT KARTONSAN

Decisions at Kartonsan regarding sustainability, based on principles, are taken by the Board of Directors. In its daily practice, sustainability-related issues and projects are carried out by the Sustainability Committee which consists of nine members within the scope of company's structure.

The environmental, social and governance issues related to the impact of Kartonsan's activities on sustainability and the expectations of stakeholders in these areas are identified periodically by evaluating them with a risk and opportunity-oriented approach. The findings identified during the evaluation process and the projects approved by the company management are implemented by teams established with the active participation of the relevant departments. The competencies required by the relevant projects are acquired in the teams created and the company receives consultancy and similar services from external providers when necessary.

KARTONSAN'S SUSTAINABILITY COMMITTEE**Duties**

Identifying and developing Kartonsan's corporate sustainability strategies, evaluating the alignment between the SDGs and Kartonsan's strategies and ensuring the determination of important variables and

follow-up parameters within the scope of sustainability are among the main tasks of the Committee. The Committee also carries out and concludes the preparation of the annual Integrated Annual Report, thus fulfilling the requirements of CMB regulations.

Structure

The Sustainability Committee consists of at least one board member (the Chairman), departmental managers and factory managers. Kartonsan's Human Resources and Quality Systems Manager provides coordination with the internal organization and manages the process of working with a consultant.

The Committee may set up sub-committees to support the work if needed. At the same time, consultancy and support services may be sought from competent third parties in areas such as technical reporting, calculations, consultancy and verification.

Regular meeting times

The committee convenes at least once a year to evaluate and review the current situation.

HIGHLIGHTS FROM KARTONSAN SUSTAINABILITY COMMITTEE 2023 AGENDA

The annual meeting of the Kartonsan Sustainability Committee was held in January 2023.

The following are the agenda items that were discussed during the meeting.

- Kartonsan's sustainability performance; ESG targets and realizations
- Amendments to the International Financial Reporting Standards (IFRS) and the European Reporting Taxonomy.
- The introduction of Türkiye Sustainability Reporting Standards (TSRS)
- Options for transitioning to renewable energy - Biomass power plant establishment study
- Financial sustainability
- Achievements and latest status in the Zero Waste Project
- Advantages of inclusion in Borsa Istanbul and global ESG indices, and discussion on participation.

The committee was also briefed by the sustainability.

CORPORATE GOVERNANCE AT KARTONSAN

GRI 2-9, 2-12, 2-13, 2-14, 2-17, 2-18, 2-27, 405-1

KARTONSAN DIRECTLY CONTRIBUTES TO 9 SDGS, WHICH ARE IN ITS IMPACT AREA DUE TO THEIR PROMINENCE IN LINE WITH ITS OPERATIONS. THE EXPLANATION OF THE CONTRIBUTION TO THESE GOALS CAN BE FOUND IN THE FOLLOWING PAGES.

Highlights from Kartonsan's 2023 Management Performance

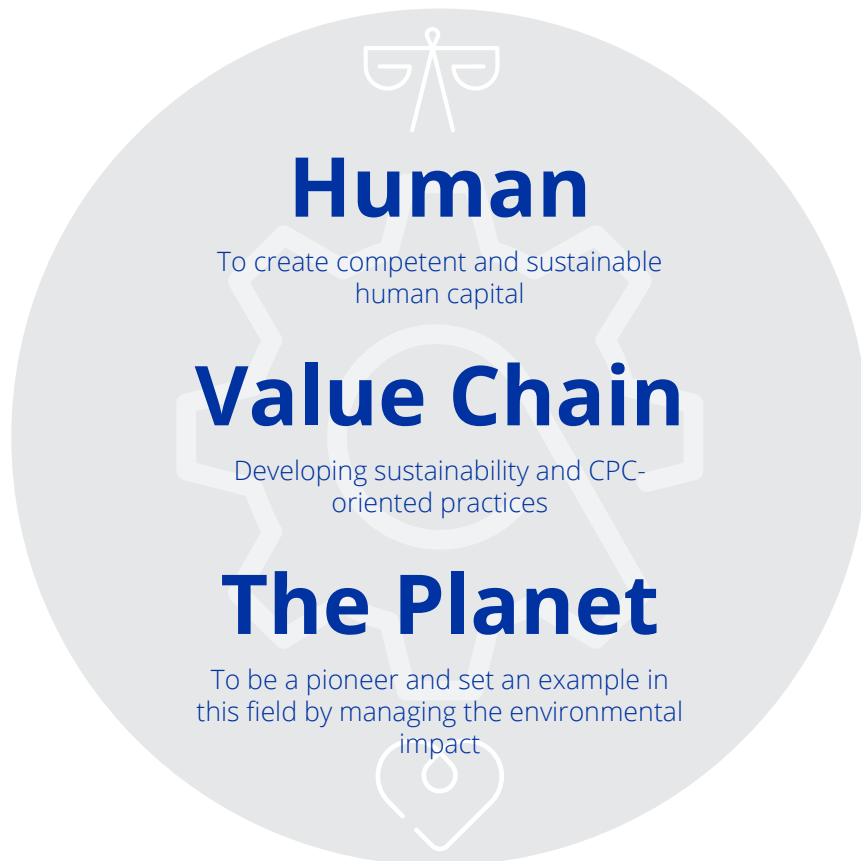
Number of members in Board of Directors	12
Independent Board Members and their ratio	4, 33%
Number of female members in the Board of Directors	3, 25%
Chairman of the Board and General Manager	They are not the same person.
Number of meetings held by the Board of Directors	22
Approximate participation rate to the Board Meetings	92%
Number of committees affiliated to the Board of Directors	3 (Audit Committee, Corporate Governance Committee, Early Detection of Risk Committee). The activities of the Nomination Committee and Remuneration Committee are carried out by the Corporate Governance Committee.
Total number of decisions taken by the Board of Directors	22
The rate of participation by shareholders in the Annual General Meeting*	79%
Number of Material Event and Other Disclosures on PDP	39

* This is the information that was presented to the General Assembly on 30.03.2023.

KARTONSAN'S SUSTAINABILITY STRATEGY

GRI 2-22

KARTONSAN IS FOCUSED TO STRENGTHEN THE ABILITY TO PRODUCE AND SHARE VALUE IN THE SHORT, MEDIUM AND LONG TERM BY ACCEPTING SUSTAINABILITY AS A MISSION.



Kartonsan's Sustainability Strategy is the tool that guides it towards achieving its Sustainability Goal by transforming its objectives into action.

The strategy is based on our sustainability framework and is in line with our corporate objectives. In addition, Kartonsan's activities of acting as a responsible corporate citizen are related to and associated with the UN's Sustainable Development Goals.

Within the scope of our operating cycle, we analyze global and local sustainability trends and identify potential risks and opportunities arising from these trends. We then explore issues that are likely to impact our Sustainability Strategy and plans and update our risk management actions accordingly.

Through Kartonsan's sustainability plan, we have identified three strategic foundations to strengthen our long-term competencies and performance.

- Developing sustainable and skilled human capital,
- Implementing sustainable and ESG-oriented value chain management practices,
- To manage the environmental impact and to lead in the field of environmental protection whilst serving an example.

The facilitating actions of our strategic foundations are;

- Strengthening proper corporate governance and a conscious business culture
- Integrating and developing the best sustainability practices in Kartonsan's operating cycle.

KARTONSAN'S SUSTAINABILITY POLICY

GRI 2-13, 2-14, 2-17, 2-18, 2-22, 2-23, 2-24, 2-25, 207-1

SUSTAINABILITY FORMS THE BASIS OF KARTONSAN'S ORGANIZATIONAL STRATEGY

IN ADDITION TO THE RESPONSIBILITY OF BEING THE PIONEER AND LEADING COMPANY IN THE MARKET, KARTONSAN PLACES SUSTAINABILITY AT THE HEART OF ITS OPERATIONS AND ITS BUSINESS STRATEGY, IN LINE WITH THE REQUIREMENTS OF ITS PRODUCT LINE AND RANGE.



Kartonsan continuously and abundantly contributes towards building a more sustainable and livable world with its activities, within the context of recycling. Kartonsan is committed to further developing and increasing this contribution.

In addition to improving its sustainability performance and carrying it to the future, Kartonsan has taken on the corporate responsibility of achieving new breakthroughs which will inspire and set an example for other economic players.

Aim

The aim of the Sustainability Policy is to determine the main framework, basic principles and material issues of sustainability management at Kartonsan.

Within the scope of this policy, Kartonsan undertakes to comply with all applicable sustainability-based legal requirements. As with all the policies adopted and announced by the Company, especially Kartonsan's ethical Principles, this policy is in line with the United Nations Universal Declaration of Human Rights, the principles set out by the International Labor Organization (ILO), the UN Global Compact (UNGC) and the Sustainable Development Goals (SDGs)

Scope

All of Kartonsan's work in the field of sustainability maintains and supports the balance between social, environmental and institutional governance and economic goals.

Kartonsan ensures that it maintains this balance by planning its work whilst considering the life cycle of its products and services, continuously focusing on improving and developing operations.

GRI 2-13, 2-14, 2-17, 2-18, 2-22, 2-23, 2-24, 2-25, 207-1**PRINCIPLES****Economic Objectives**

On the economic axis...

Kartonsan's shares are traded on the Borsa İstanbul under the KARTN ticker and the company aims to operate with a strong financial structure with its belief in the essential power of economic sustainability.

The Company contributes to the Turkish economy through the employment it creates, the tax it pays, the volume of its domestic trade and its exports.

The expenditures it carries out throughout the supply chain, the financial opportunities which it provides to its employees, the dividends which it distributes to its shareholders and investors and the donations and support it provides within the scope of social responsibility define the economic value generated and shared by Kartonsan.

Social Objectives

On the social axis...

The Company avoids any conduct which could lead to human rights violations. Kartonsan's primary goal is to develop a culture which meticulously observes human rights, and to promote and act in a way which respects people.

It promotes the development of a social sustainability perception throughout the value and supply chain. In this context, the Company expects its suppliers to comply with the legal requirements in force which regulate working life.

It provides career development and training opportunities to contribute to the career paths of its employees in order to keep their competencies up to date at all times.

It values employee loyalty, diversity, inclusion and equal opportunity.

The Company has a target of zero accidents, by working to the highest OHS standards. It attaches importance to product innovation. It aims to develop environmentally friendly products and meet consumer expectations by acting in proactive cooperation with its customers.

Environmental Objectives

On the environmental axis...

With the responsibility it takes on as a recycling company, Kartonsan is focused on continuously improving the environmental performance of raw material supply, production and commercial activities and reducing its environmental footprint. It promotes a sustainability perception throughout the value and supply chain as well as improving waste management, recycling and resource and energy efficiency.

It respects the boundaries our planet draws on humanity and acts as a responsible producer. In this context, it is aware of the problems related to the climate crisis, the depletion of limited natural resources, deforestation, drought and pollution. The company aims to enhance its contribution to overcoming these global problems in cooperation with stakeholders, NGOs and regulatory authorities.

Governance Objectives

On the axis of corporate governance, Kartonsan;

- Complies with all applicable legal requirements, regulations and international commitments,
- Considers the rights and interests of shareholders and places importance on public disclosure and transparency,
- Carries out effective risk management on all aspects of sustainability,
- Considers ensuring and improving high product quality and safety as a constant goal,

Considers data security as a fundamental responsibility for the sustainability of the business and keeps the necessary infrastructure up to date.

KARTONSAN'S SUSTAINABILITY POLICY

GRI 2-13, 2-14, 2-17, 2-18, 2-22, 2-23, 2-24, 2-25, 207-1

Organization and Responsibilities

The Sustainability Committee is responsible for determining Kartonsan's sustainability objectives and ensuring their compliance with the Company's commitments throughout its value and supply chain.

Investments related to annual sustainability objectives and key long-term sustainability goals are planned and implemented by Kartonsan's Senior Management. Activities in line with sustainability principles are carried out and monitored by business departments.

All Company employees are expected to internalize the framework described above and contribute to its proper functioning. Kartonsan provides its employees with the opportunity to share their views through defined channels in the process of implementing these commitments. Kartonsan expects all of its stakeholders to adopt the same principles and converge their activities in accordance with the principles of sustainability.

Reporting

Key performance indicators and objectives regarding sustainability are reported on a regular basis to the Senior Management at Kartonsan. The Company's performance and improvements in the area of sustainability summarized within the framework outlined above are published in annual reports and on Kartonsan's website. The information is also presented to stakeholders..

Policy Review, Update and Approval

The Sustainability Committee is responsible for updating the policy.

Kartonsan Senior Management reviews and approves possible updates to the policy.

Kartonsan Sustainability Policy

OUR INTEGRATED POLICIES

Policy on Protection and Extermination of Personal Data

Kartonsan's Ethical Principles on Preventing Corruption and Policy on Human Rights

Policy on Quality, the Environment, Energy; Policy on Health and Safety at Work

The policies can also be accessed at <https://www.kartonsan.com.tr>.



Kartonsan is a producer that consistently upholds its pioneering and guiding identity while conducting business responsibly in all aspects of sustainability.

VALUE CREATION MODEL

GRI 201-1, 203-1, 203-2, 204-1, 301-1, 301-2, 301-3, 302-1, 302-2, 306-1, 306-2, 306-3, 306-4, 306-5

INPUTS



FINANCIAL CAPITAL

- TL 53 million in environmental investment and management expenditure
- TL 18 million in R&D expenditures
- 698 suppliers
- 80 suppliers evaluated in accordance with ESG criteria



PRODUCED CAPITAL

- Production capacity of 240,000 tons/year
- 193 million kWh annual electricity generation capacity
- 10,000 m³/day treatment plant installed capacity
- 2,650 m²/year grinding capacity



INTELLECTUAL CAPITAL

- Production processes
- Information technology infrastructure



HUMAN CAPITAL

- 350 employees
- OHS-related activities
- Training activities



NATURAL CAPITAL

- 128,419 tons of waste paper
- 10,822 tons of wood pulp
- 2,514 tons of bleached cellulose
- 1,159.95 TJ energy consumption
- 882 thousand m³ of well water
- 32 thousand m³ of municipal water



SOCIAL AND RELATIONSHIP CAPITAL

- Cooperation with sectoral unions and organizations
- Education-focused and environmentally oriented social responsibility studies
- Cooperation with universities
- Donations

KARTONSAN IS A PRODUCER THAT CONSISTENTLY UPHOLDS ITS PIONEERING AND GUIDING IDENTITY WHILE CONDUCTING BUSINESS RESPONSIBLY IN ALL ASPECTS OF SUSTAINABILITY.

AN INTEGRATED FACILITY

- Integrated coated cardboard production facility operating on a total plant area of 438,660 m²

QUADRUPLE MANAGEMENT SYSTEM

- ISO 9001 Quality Management System
- ISO 14001 Environmental Management System
- ISO 45001 OHS Management System
- ISO 50001 Energy Management System

PRODUCTS*

180-550 gr/m²

- > NORMPRINT
- > NORMPRINT-LINER
- > EXPRINT
- > LUXTRIPLEX

Exports to over 25 countries
A strong position in the domestic market

KARTONSAN PROVIDES LOW CARBON CONTENT ALTERNATIVES TO PRODUCTS THAT RELY ON LIMITED NATURAL RESOURCES THROUGH ITS PRODUCTION OF THE COATED CARDBOARD.

*For product specifications please go to page 8.

GRI 201-1, 203-1, 203-2, 204-1, 301-1, 301-2, 301-3, 302-1, 302-2, 306-1, 306-2, 306-3, 306-4, 306-5

OUTPUTS

WITH ITS VALUE CREATION SCHEME, KARTONSAN DESCRIBES HOW IT CREATES VALUE BY USING DIFFERENT CAPITAL RESOURCES IN ACCORDANCE WITH IFRS INTEGRATED REPORTING FRAMEWORK.

- 6.72 hours of training per employee
- 134,930 tons of consolidated coated cardboard sales
- 11,204 tons of waste paper sales
- 20,808 tons of coated cardboard exports
- 91% waste paper usage rate
- 913,956 m³ water use
- 7.2 m³ water use per ton
- 82,003 m³ of recycled water
- 123,203.97 MWh/year of steam produced from waste heat
- 49 tons of recycled hazardous waste
- 4,617 tons of recycled hazardous waste
- 0.1025774 Coated Cardboard Production Scope 1 Gross Greenhouse Gas Emission Unit (million tons of CO₂/year)
- 80 suppliers evaluated in accordance with ESG criteria

OUTCOMES**FINANCIAL CAPITAL**

- ⬆ Net sales of TL 2,480 million
- ⬆ TL 2,116 million in supply chain expenditure
- ⬆ TL 36 million in tax payments
- ⬆ TL 172.7 million in dividends paid to shareholders

PRODUCED CAPITAL

- ⬆ 122,515 tons of coated cardboard produced
- ⬆ Projects and investments initiated to enhance efficiency within the production cycle
- ⬆ Investments undertaken in IT

INTELLECTUAL CAPITAL

- ⬆ Projects implemented in cooperation with universities
- ⬆ Research and Development efforts
- ⬆ Product development initiatives
- ⬆ Cooperation with the public and private sector

HUMAN CAPITAL

- ⬆ TL 107.5 million in salary payments paid to employees
- ⬆ A capable and experienced organization

NATURAL CAPITAL

- ⬆ Net climate impact caused by greenhouse gas emissions
- ⬆ Contribution provided by recovery of waste
- ⬆ Climate impact throughout the value chain

SOCIAL AND RELATIONSHIP CAPITAL

- ⬆ Kartonsan was involved in people's lives with its products in 25 different countries
- ⬆ Cooperation with ECMA, CEPI abroad; cooperation with AGED, KASAD and Foundation of Cellulose and Paper Industry in Turkey

KARTONSAN CONTRIBUTES DIRECTLY TO THE EIGHT GOALS.

PERFORMANCE

Overall Review of the Year 2023 and Achievements

Kartonsan and Environment

Kartonsan and Human Resources

Occupational Health and Safety at Kartonsan

Corporate Social Responsibility



**SINCE ITS INCEPTION,
ITS MOST VALUABLE
ASSET HAS ALWAYS
BEEN THE PEOPLE**



**HIGH AND
CONTINUOUSLY
UPDATED
PRODUCTION
CAPABILITY**



**PRODUCTS
INTEGRATED INTO
EVERY MOMENT OF
DAILY LIFE**

Kartonsan has demonstrated exceptional resilience in the volatile and sometimes fluctuating external conditions of 2023, and it has taken proactive measures to further strengthen the foundations of its sustainable growth in the coming period.

OVERALL REVIEW OF THE YEAR 2023 AND ACHIEVEMENTS

GRI 201-1

KARTONSAN PRODUCED A TOTAL OF 122,515 COATED CARDBOARDS IN 2023, AND DURING THE LAST TWO MONTHS OF THE YEAR, ALMOST 19 THOUSAND COATED CARDBOARDS WERE PRODUCED ON THE BM1 LINE, WITH A CAPACITY UTILIZATION RATE OF 29.1%.

IN SUMMARY

Kartonsan's corporate goals include,

- enhancing logistics and supply chain operations to ensure timely and high-quality service delivery to customers,
- optimizing production processes to improve efficiency,
- expanding capacity through a regional supplier approach,
- becoming one of the major suppliers in Turkey's surrounding export markets,
- achieving sustainable profitability at the highest level.

A year that commenced with a strike

Blue-collar employees at Kartonsan, a company that has always recognized human resources as its most valuable asset since its inception and focused on protecting its stakeholders under all circumstances, deemed the wage proposals presented to the Turkish Cellulose, Paper, Wood, and Products Workers' Union (Selüloz-İş) for the upcoming period insufficient and went on a strike on 22 December 2022, exercising their legal rights. The Kartonsan Factory halted production on the same day. During the strike-induced production halt, Kartonsan prioritized meeting the demands of its long-standing customers by supplying its existing stocks to the market.

The negotiations with Selüloz-İş, the employee representative, resulted in an agreement on 10 April 2023, bringing an end to the strike of unionized employees. Production resumed on April 10, 2023, at Kartonsan's factory in Başiskele, Kocaeli, following the end of the strike decision.

A significant decision made in terms of resilience

Kartonsan seized the opportunity presented by the prevailing and almost stagnant macroeconomic conditions in both the domestic and foreign markets during the first half of the year and started the construction, maintenance, and strengthening works for the Cardboard Production Line No. 1 (BM1), which it planned among its strategically important investments, on 1 June 2023.

The production operations at BM1 restarted on 31 October 2023, following the completion of the maintenance and strengthening work that considerably enhanced the production campus's earthquake resistance. The details of this work are provided in the Investments section of the report.

In 2023, Kartonsan produced and supplied customers with a total of 122,515 coated cardboards. In the final two months of the year, the BM1 line produced 19 thousand coated cardboards, resulting in a capacity utilization rate of 29.1%. The production of BM2 reached 103 thousand, achieving a capacity utilization rate of 64.2%.



OVERALL REVIEW OF THE YEAR 2023 AND ACHIEVEMENTS

GRI 201-1

Prudent management of balance sheets and liquidity

Kartonsan, which implements an agile yet risk-sensitive management approach, managed its cost-price balances through a win-win mindset and provided its stocks and production to its customers in the two periods of 2023 under differing market conditions.

In its 56th year of operation, Kartonsan, which places great emphasis on maintaining a resilient and sustainable financial structure, has utilized its financial capital in accurate and productive areas. During the reporting period, the Company generated a consolidated sales revenue of TL 2,480 million, supplying 114,122 tons of products to the domestic market and exporting 20,808 tons.

With its performance in 2023, Kartonsan demonstrated its resilience, agility, and strategic superiority while preserving its financial capital.

In the conduct of its export operations, Kartonsan's strategic goal is to be a supplier with an enduring market presence who enters into long-term relationships with customers.

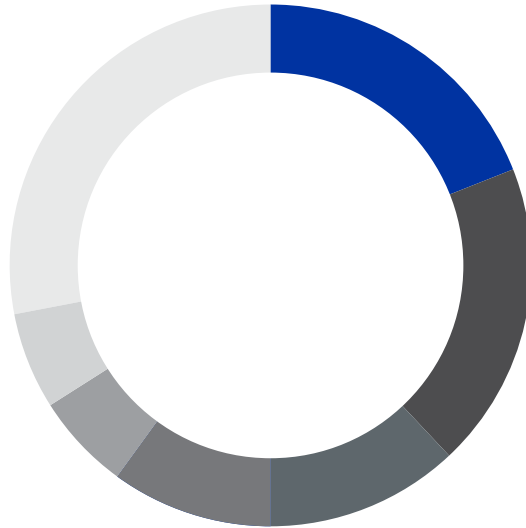
Kartonsan's total exports amounted to USD 15.6 million in 2023, and the Company delivered its products to customers in 25 countries.

The countries where Kartonsan had highest share in 2023 were Greece, Russia, Bulgaria, Spain, Romania and Portugal. While focusing on enhancing its presence in the Italian market, Kartonsan re-entered the Polish market in 2023.

Long-term partnerships approach

Kartonsan's essential target in export markets is to develop long-term business relations with cardboard packaging producer printing houses and to become the permanent supplier of these printing houses. Kartonsan develops distinctive solutions to meet its customers' needs without compromising its high quality and effective service approach in accordance with this export strategy.

2023 Geographical Distribution of Exports (%)



	Russian Federation	19
	Greece	19
	Bulgaria	12
	Spain	10
	Italy	6
	Romania	6
	Other	28

Kartonsan re-planned its export program in 2023 due to the strike conditions that persisted until April and the subsequent halt of BM1 production.

Returning to export markets in the second half of the year, Kartonsan started its international sales and restarted its market development efforts

KARTONSAN MEETS THE PACKAGING NEEDS OF MANY DIFFERENT INDUSTRIES WITH ITS WIDE PRODUCT PORTFOLIO MADE OF RECYCLED PAPER, WHICH IS CALLED “DUPLEX (GD)” AND “TRIPLEX (GT)” IN THE INDUSTRY.

Customer satisfaction is important

One of Kartonsan's priorities is to meet domestic and international customer requests who are regular users of its products, on a timely basis. Caring about satisfaction of customers which constitute one of the main stakeholder groups, Kartonsan protects and develops these relationships under all circumstances and is focused on building long-term and sustainable business relations.

With practices implemented recently, Kartonsan offers less production time to customers enabling them to make shorter term planning. Advantageous terms in delivery and payments were provided for customers in the volatile market conditions of 2023, additional facilities were offered and no concessions were made for customer satisfaction. Kartonsan offers delivery at the door including freight and provided installment options for credit card sales.

The effective management and resolution of customer complaints is critical

For several years, Kartonsan has employed a systematic approach and process documentation for handling and resolving customer complaints. The objective is to conduct an analysis of customer feedback gathered from visits and meetings, and regular surveys conducted by the Company, with an analytical approach, to generate solutions and provide feedback.

Kartonsan's goals regarding quality include increasing customer satisfaction and minimizing the number of complaints.

Wide area of use and Influence of our products

Kartonsan meets the packaging needs of many different industries with its wide product portfolio made of recycled paper, which is called “duplex (GD)” and “triplex (GT)” in the industry. Developed in line with market demands and customer expectations, Kartonsan products are widely used in various areas of daily life.

The suitability of Kartonsan coated cardboard for packaging foodstuffs has been approved by the Ministry of Food, Agriculture and Livestock. On the other hand, the compliance of the coated cardboard produced by Kartonsan with the BfR (German Risk Assessment Institute) norms in packaging that comes into direct contact with dry foods has been documented by the reports of independent international analysis institutions.

With a focus on sustainability, Kartonsan closely monitors the new legislation on products. In the EU, it will become a legal requirement that the mineral oil transfer of packaging cartons in contact with food be within certain limits. Kartonsan continues its work in this direction.

Putting customer satisfaction at the center of all its activities, Kartonsan attaches importance to establishing long-term and sustainable business relationships with its customers. Kartonsan aims to respond to customer demands and diversify its product portfolio in the light of current needs and expectations.

OVERALL REVIEW OF THE YEAR 2023 AND ACHIEVEMENTS

GRI 201-1, 204-1, 308-1, 308-2, 414-1, 414-2

E-Sales Channel

In parallel with the increasing digitalization, remote shopping has become increasingly important in B2B commerce. Kartonsan continued to update and develop its electronic service infrastructure in 2023 in order to provide better and faster service to its customers. Accessed via the Kartonsan website, the “E-Sales” application offers customers the opportunity to make secure transactions with a credit card and to send their orders over the Internet with the password sent to their mobile phones.



WE DEVELOP OUR RELATIONS WITH OUR SUPPLIERS WITHIN THE SCOPE OF MUTUAL RESPECT AND ETHICAL VALUES.

Kartonsan has an extensive supply chain. Kartonsan's suppliers, which form an important part of its value chain, have a commercial relationship with the Company in a range of products and services ranging from raw materials to chemicals and daily consumables needed by office spaces.

Highlights from Kartonsan Supply Chain

Number of suppliers worked in 2023	698
General purchase amount for 2023	TL 2,116 million

Thanks to its strong and well-established supplier relationships, Kartonsan has made all of its basic input purchases on time and under the best possible conditions. This supported the optimal management of raw material stocks and the uninterrupted operation of the production cycle.

The Company conducts evaluation studies in order to minimize supply risks. In 2023, 80 suppliers were evaluated according to the ESG criteria.

Kartonsan adhered to its purchasing policies and refrained from making any purchases from regions that were subject to disputes or international embargoes in 2023.

In 2023, Kartonsan did not receive any official communication suggesting that any of its suppliers were involved in any legal sanctions related to ESG issues..

GRI 201-1, 302-4, 302-5, 305-5**IN 2023, WE IMPLEMENTED NEW INITIATIVES AND MADE STRATEGIC INVESTMENTS TO ENHANCE THE RESILIENCE OF OUR PRODUCED CAPITAL.****Investments constitute the key driving force of Kartonsan's sustainability strategy.**

Kartonsan continued to create value in 2023 with its investments focused on overall efficiency, product quality, improving environmental footprint, industry 4.0, improving waste quality, energy efficiency and OHS.

The company has realized a total investment expenditure of TL 59 million, contributing to its capital generated in line with the investment program.

INVESTMENTS COMPLETED IN 2023**Building Construction and Repair Investment**

Throughout the year, construction project teams have successfully executed building construction and repair tasks. Within the scope of the investment, protective chemicals were utilized to prevent corrosion on the columns, beams, and slabs in the BM1 building, and the reinforcement elements underwent thorough cleaning, and FRP wrapping and cladding were applied.

Enhancement Project for BM1 and BM2 Low Vacuum Systems

Replacing low vacuum systems that have reached the end of their economic lives, next-generation vacuum fans that provide energy efficiency and minimize maintenance frequency have been put into operation.

Backing up BM1 and BM2 Shoe Press Conventional Rollers

Spare conventional roller mills were procured for both machines in order to ensure production continuity and prompt response to any potential breakdowns.

Acquisition of 1 Vat Cylinder for BM1

A new vat cylinder was procured to ensure uninterrupted production and to minimize downtime and quality issues.

Renewal of the BM1 113th Line Conveyor

In order to reduce the frequency of breakdowns and minimize maintenance costs, the old paper conveyor in the pulp preparation section underwent a renewal process.

Enhancements to the BM1 Wet-End Sprinkler System

The BM1 felt needles and sheet nozzles were technologically outdated systems that did not work efficiently. The goals of upgrading these systems, providing better washing capabilities, and optimizing the felt lifespan and moisture profile have been accomplished.

Renewal of BM1 113th Line Ragger and Rope Cutter

The frequency of breakdowns in the old ragger and rope cutter systems had increased, and the system had reached the end of its economic life. This led to the replacement, which not only reduced maintenance expenses but also ensured uninterrupted production flow.

Supply of Screens for Treatment Plant

It is ensured that particles passing through the existing screens are prevented from entering the MBR system, thus increasing the efficiency of the MBR system and preventing the risk of module damage and structural deformation caused by sludge ingress.

Supply of an Electromechanical Tail Cutter for BM1 Pre-Coating and Balancing

By substituting an automatic paper binding system instead of the manual tail cutter system in BM1 used to bind paper, the system was upgraded and a safer working environment was established.

BM1-BM2 Machine Bottom Part Fire Detection Line Replacement

Fire detectors on the bottom parts of the machine have been replaced with fiber detection systems, and thus, they are adapted to the environmental conditions.

BM2 Screen Suction Roll Double Doctor Supply

By means of the double scraper mounted on the BM2 suction roll, the holes are continuously cleaned, and energy savings can be achieved by increasing the sheet dry matter.

Setting up a central time system

With the central time system, all clocks and devices show the same date and time. It has been ensured that all devices in our company are in the same time zone.

Camera system revision

Additional cameras were added to the system, the number of licenses increased, and the software was updated, thus creating a more reliable camera security system.

OVERALL REVIEW OF THE YEAR 2023 AND ACHIEVEMENTS

GRI 201-1, 302-4, 302-5, 305-5

PUTTING CUSTOMER SATISFACTION AT THE CENTER OF ALL ITS ACTIVITIES, KARTONSAN ATTACHES IMPORTANCE TO ESTABLISHING LONG-TERM AND SUSTAINABLE BUSINESS RELATIONSHIPS WITH ITS CUSTOMERS.

INVESTMENTS NOT REALIZED IN 2023

Bio-Mass Boiler Installation

As a result of the rise in energy prices in 2022, a decision was made to shift to biomass as an alternative source of energy for 2023, replacing the reliance on electricity and steam generated from natural gas. However, the decrease in natural gas and electricity prices has led to the conclusion that the existing system is more appropriate, leading to the suspension of the investment.

Kartonsan is committed to addressing the diverse needs of its customers and employees, enhancing the quality of the products and services it provides, and boosting productivity through ongoing efforts.

The Company's ecological footprint will be reduced through the modernization of the Kartonsan Factory and the upgrading of its technological capabilities.

Improvements and Developments in Production Services

Production services, which are the intersection points of all functions at Kartonsan, are an important area where customer expectations are met and reflected in production. The Company recently restructured itself in order to increase the efficiency of its production services and added many new software to its processes.

Thus, a valuable gain has been added to the produced capital in order to manage the entire cycle from input to output much more effectively.



KARTONSAN'S INTEGRATED MANAGEMENT SYSTEM



The four management systems of Kartonsan are structured under the Integrated Management System, which provides a holistic framework.

The Integrated Management System facilitates Kartonsan's capital generation. These systems operate in integrity with common goals and policies, contributing to Kartonsan's performance and promoting the sustainability and efficiency of the production and trade cycles.

The production of coated cardboard is conducted using a methodology in which quality, supply, production, human resources, and sales process management systems are handled and managed holistically.

Kartonsan's administrative and production operations are conducted within the framework of the Integrated Management System, providing a defined, measurable, traceable, analyzable, and enhancable platform.

To ensure that this system remains up-to-date and aligns with global trends, the Company implements a versatile and systematic approach to its projects and investments.

Kartonsan also conducts internal audits as required by its management systems and implements corrective actions by assessing the findings.

Periodic re-certification audits of pertinent standards are conducted within the continuity of Kartonsan's Integrated Management System, and relevant processes are completed.

Systematic inspection and implementation of the Integrated Management System continued in 2023.

FSC-CoC Certification

The protection and development of global and national forest areas is a prioritized goal within the framework of the climate crisis.

Having the qualifications of a recycling company, in 2023, Kartonsan has successfully undergone an audit and has been granted a new term accreditation for its compliance with the legislation pertaining to the FSC-CoC certification it obtained in 2011.

The company sources FSC certified, sustainable cellulose raw material, which it employs in limited amounts in the production process..

KARTONSAN AND ENVIRONMENT

GRI 303-1, 303-2, 303-3, 303-4, 303-5, 304-2, 305-5, 306-1, 306-2, 306-3, 306-4, 306-5, 308-2

The waste paper we provide into the circular economy contributes to the sustainability of the world's forests.

In 2023, the total quantity of waste paper used in coated cardboard production of Kartonsan was 141,755 tons.

The global cardboard and paper industry carries out various studies aimed at increasing the use of waste paper instead of cellulose and reducing greenhouse gas emissions arising from production.

GRI 303-1, 303-2, 303-3, 303-4, 303-5, 304-2, 305-5, 306-1, 306-2, 306-3, 306-4, 306-5, 308-2**Kartonsan's environmental goal**

Kartonsan is a producer respectful and sensitive for the environment. When addressing environmental-impact issues, Kartonsan's basic principle is to ensure the sustainability of natural resources by consuming them responsibly, by not causing environmental pollution, and by complying fully and continuously with current environmental laws and regulations.

Kartonsan believes that the only way to achieve sustainability is the rational and efficient use of natural capital.

Shaping its infrastructure and superstructure with an approach that envisages rational and efficient use of natural capital, Kartonsan differentiates itself with its prudent approach to raw materials and energy usage in its production activities.

As a responsible producer and corporate citizen, Kartonsan demonstrates its responsibility towards nature;

- by using the highest possible amount of waste paper during the production phase,
- by producing its own energy and steam,
- by minimizing the amount of raw water through treating and reusing waste water with the most modern techniques,
- by carrying out studies in order to control greenhouse gas emissions.

In 2023, Kartonsan used 141,755 tons of raw materials for coated cardboard production, of which 128,419 tons were waste paper.

Kartonsan, being an eco-friendly company, prioritizes minimizing its ecological footprint. The Company conducts all of its operations in strict adherence to the applicable legal regulations in Turkey and does not contribute to environmental pollution.

Due to the 4-month production halt at BM1 during the Factory Building reinforcement project in 2023 and the strike in the first quarter of the year, Kartonsan's raw material usage decreased.

	2022	2023
Kartonsan Raw Material Use (tons)	252,986	141,755
Amount of Waste Paper	231,214	128,419
Amount of Bleached Cellulose	3,214	2,514
Wood Pulp	18,558	10,822

Kartonsan utilizes a limited quantity of cellulose in the production process of its products, namely Exprint and Luxtriplex. Wood pulp is being considered as a viable alternative raw material as a result of the recent decrease in the supply of recycled newsprint in the market.

Kartonsan, which utilizes up to 90.5% recycled paper in its production cycle, utilized 128,419 tons of waste paper in 2023.

KARTONSAN AND ENVIRONMENT

GRI 303-1, 303-2, 303-3, 303-4, 303-5, 304-2, 305-5, 306-1, 306-2, 306-3, 306-4, 306-5, 308-2

KARTONSAN OBTAINED THE TEMPORARY ACTIVITY CERTIFICATE IN 2023, WHICH IS THE FIRST STEP IN THE PROCESS OF RENEWING THE EXPIRED 5-YEAR ENVIRONMENTAL PERMIT AND LICENSE.

Kartonsan engages in collaborative initiatives with its subsidiary DÖNKASAN on waste paper and its supply.

Kartonsan obtained the Temporary Activity Certificate in 2023, which is the first step in the process of renewing the expired 5-year Environmental Permit and License. The renewal process will proceed in 2024, and the finalization of the Environmental Permit and License Certificate renewal will be completed.

The global cardboard and paper industry is actively working on climate change and environmental issues.

The climate crisis, which poses a global threat, has the potential to impact the future of humanity in the short, medium, and long term. The worldwide cardboard and paper industry engages in extensive studies and participates in global collaborative initiatives for the increased utilization of waste paper instead of cellulose as a raw material in production, as well as for the mitigation of greenhouse gas emissions associated with production processes.

Coated cardboard producers, who have undertaken numerous studies ranging from the use of waste paper to the introduction of renewable energy resources and sustainable forest management, serve as a role model and guide for other industries through the projects they develop.

KARTONSAN GENERATES ITS OWN ELECTRIC AND STEAM ENERGY.

Since 1995, Kartonsan has been generating its own electrical and steam energy in order to minimize waste and quality problems caused by power interruption and voltage fluctuations.

In 2023, the specific electrical energy consumption in the cardboard production processes was 517.723 kWh/ton for BM1 and 467.422 kWh/ton for BM2, the steam consumption was 1.761 tons/ton for BM1 and 1.582 kWh/ton for BM2. The clean water (well water) consumption was 7.2 m³/ton. These ratings put Kartonsan in the energy-efficient plant category.

Besides, in 2023, Kartonsan's conventional energy consumption was 1,159.95 TJ, and its specific heat consumption per ton of coated cardboard was 3,867.90 MJ.

About Kartonsan Cogeneration Plant

Kartonsan Cogeneration Plant has 4 generators, each with a power of 5.5 MW; the system generates heat and electrical energy. With a generation capacity of 193 million kW of electrical energy with four turbines which can be operated with natural gas, Kartonsan sells the excess electrical energy through the interconnected network.

The electrical energy produced at the plant is transmitted to the production process through alternators, and steam is obtained from the turbine exhaust gases in the waste heat boilers.

Since the system is operated according to the steam requirement, which is a key factor in coated cardboard production, Kartonsan generates more electrical energy than it needs. The excess electricity produced is sold to the grid.

The Cogeneration Plant is one of the most important units of the Kartonsan Factory and is the basis of efficient production. The energy produced in the Cogeneration Plant is different from the grid energy, and its stable structure ensures that the production process is not affected by problems such as voltage fluctuations and sags.

An important issue for Kartonsan: Waste water recovery

Kartonsan engages in a never-ending effort to develop and improve the performance of its Wastewater Treatment Plant in order both to protect groundwater resources and to increase the Company's water-use efficiency.

Kartonsan saves 24% of clean water by reusing the water it has treated with the advanced treatment technologies used in the Wastewater Treatment Plant in the production processes.

GRI 303-1, 303-2, 303-3, 303-4, 303-5, 304-2, 305-5, 306-1, 306-2, 306-3, 306-4, 306-5, 308-2

AS AN ENVIRONMENTALLY CONSCIOUS COMPANY, KARTONSAN'S BASIC PRINCIPLE IS TO CONTINUE ITS PRODUCTION ACTIVITIES WITHIN THE FRAMEWORK OF LEGAL REGULATIONS AND GLOBALLY ACCEPTED BEST PRACTICES, AND TO MANAGE ITS POSSIBLE IMPACTS ON THE ENVIRONMENT AT THE LOWEST POSSIBLE LEVEL.

Water consumption/tons manufactured output in 2023: 7.3 m³

In terms of the amount of water that Kartonsan uses per ton of manufactured output, the company is in a much better place than are either its Far Eastern or its European rivals for so long.

In 2018 Kartonsan initiated a series of improvement and efficiency projects by means of which it had reduced the average amount of clean water used in all of its operations to produce one ton of cardboard from 8.95 m³ (2007-2017 average) to 5.72 m³ as of 2022. The Company followed up these projects with another project to improve the performance of its membrane bioreactor (MBR) processes.

The restart of production operations following the production halt in BM1 and the long-term strike at Kartonsan in 2023 necessitated a relatively substantial use of water.

In 2023, a total of 913 thousand cubic meters of water were used. 882 thousand cubic meters of this is groundwater, and 32 thousand cubic meters is tap water. The quantity of recycled water decreased to 82 thousand cubic meters. The production halt in BM1 was the main driver of this decline throughout and after the strike. Water consumption per ton in 2023 was 7.3 m³ as a consequence of these developments. Kartonsan's water consumption per ton in 2023 was 7.3 m³, which was a consequence of the production course going back to its normal state. Kartonsan anticipates that the relevant parameter will reestablish equilibrium at low levels by 2024.

Greenhouse gas emissions

In 2023, Kartonsan completed the measurement and verification studies regarding greenhouse gas emissions within the scope of the environmental legislation in force, and continued to make the required legal notifications.

Kartonsan measures and reports its Scope 1 emissions. The 2022 Coated Cardboard Production Scope 1 Gross Greenhouse Gas Emission Amount, which was verified in 2023, was 0.1025774 million tons of CO₂/year.

The decline observed in carbon emissions refers to the decrease in production caused by the strike in the first quarter of the year and the BM1 building strengthening project that was implemented subsequently.

As an environmentally conscious company, Kartonsan's basic principle is to continue its production activities within the framework of legal regulations and globally accepted best practices, and to manage its possible impacts on the environment at the lowest possible level.

KARTONSAN AND ENVIRONMENT

GRI 304-2, 305-5, 306-1, 306-2, 306-3, 306-4, 306-5, 308-2

IN 2023, 4,617 TONS OF NON-HAZARDOUS WASTE WERE RECYCLED, THEREBY CONTRIBUTING TO THE CIRCULAR ECONOMY. THE QUANTITY OF NON-HAZARDOUS WASTE SENT FOR DISPOSAL AMOUNTED TO 33,204 TONS.

Waste management at Kartonsan

By the nature of its operations, Kartonsan is an industrial plant which recycles wastes.

The Company contributes to national-scale studies in the field of waste paper recycling and waste treatment. At the periodic environmental trainings organized for employees, information on waste types, waste treatment processes, legal requirements and importance of separating waste are shared.

Certifying its waste management with the Zero Waste Certificate, Kartonsan maintains waste containers specifically allocated for different types of waste in its working areas for the separation and collection of waste at source. Hazardous waste, non-hazardous waste and scrap waste are temporarily stored separately at areas designated for them. Wastes are sent to licensed firms for recycling or disposal within the process. Kartonsan's waste management approach is primarily to reduce waste at its source, and then to recycle and dispose of wastes that are not suitable for recycling.

In 2023, 4,617 tons of non-hazardous waste were recycled, thereby contributing to the circular economy. The quantity of non-hazardous waste sent for disposal amounted to 33,204 tons. The amount of hazardous waste at Kartonsan is low, with 49 tons having been recycled and 60 tons sent for disposal.

Supporting packaging waste recovery and recycling

Qualified as a packaging waste recycling company within the framework of current regulations governing packaging waste control in Turkey, Kartonsan collects and sends to licensed recovery & recycling firms any waste that is generated in the course of Kartonsan's operations and which cannot be reused. The amount of packaging waste given to recycling in 2023 was 146 tons.

Zero Waste Project

In 2017, Ministry of Environment, Urbanization and Climate Change started the Zero Waste project within the scope of sustainable development principles with the objective of keeping waste under control and leaving a cleaner and more livable world for future generations. The project was first launched at the main service building of the Ministry and was later extended.

The Zero Waste Project is expected to be launched gradually all across Turkey until 2023. The implementation areas of the project are public institutions, shopping malls, hospitals, educational institutions, social and hospitality facilities and large working places at the first phase.

The purposes of the zero waste project are preventing waste to reduce costs and to increase efficiency, decreasing environmental risks and developing a "sensitive consumer" identity among individuals by increasing environment protection awareness.

Waste paper is within the scope of Zero Waste Project. Recycling of paper is important in terms of providing significant savings in raw material consumption and its economic value.

Zero Waste is a set of principles focused on making the most efficient use of resources, on preventing or minimizing the creation of waste, and, if waste is created, on collecting, sorting, and reusing it where it is created. Another aspect of the Zero Waste approach is that all waste arising in the course of everyday life as well as in the conduct of economic activity should be managed appropriately in the process of achieving cultural, economic and social development and progress.

GRI 304-2, 305-5, 306-1, 306-2, 306-3, 306-4, 306-5, 308-2

WASTE PAPER IS WITHIN THE SCOPE OF ZERO WASTE PROJECT. RECYCLING OF PAPER IS IMPORTANT IN TERMS OF PROVIDING SIGNIFICANT SAVINGS IN RAW MATERIAL CONSUMPTION AND ITS ECONOMIC VALUE.

WHAT IS THE ZERO WASTE APPROACH?

The Zero Waste approach calls for:

- reusing products
- extending products' useful lifetimes
- avoiding or reducing the use of hazardous materials in product manufacturing processes
- making products that can be recycled.

The waste hierarchy provides the basis for the Zero Waste approach. The most-preferred methods in waste management are preventing waste-generation, reducing waste-generation, and reusing any waste that is generated in that order. The least-preferred method consists of disposing waste that cannot be reduced, reused, or recycled as landfill or through such methods as incineration etc.



KARTONSAN OBTAINED THE ZERO WASTE CERTIFICATE ON 12.12.2020 AND CONSISTENTLY PROVIDES REQUIRED DISCLOSURES.

KARTONSAN AND HUMAN RESOURCES

GRI 2-30, 402-1, 404-1, 404-2, 404-3, 406-1, 407-1

We are committed to consistently enhancing the value proposition that we provide to our employees, while also contributing to their well-being.



**Our Human Resources
at a Glance**

350

Total number of employees

(31 December 2023)

The architects of Kartonsan's success are its employees.

Believing that the way to quality products is through a qualified workforce, Kartonsan has a human resource that is reliable, trustworthy, researching, following, and compatible with teamwork. Kartonsan regards human capital, which it considers as its most valuable asset, a key stakeholder in its success

Kartonsan's human resources, which are distinguished by their competencies and qualifications, consist of individuals who are committed to the corporate culture, whose sense of belonging is at the forefront, and who are success-oriented with their knowledge and experience.

A corporate culture that cares about the technical and professional competencies of its employees

Training activities developed for the personal development and career goals of employees are also determined in line with Kartonsan's needs and operations. These studies also aim to differentiate human resources in the sector and increase their knowledge.

Besides professional development trainings, occupational health and safety, lean management systems, energy and environmental trainings are also offered to employees.

A total of 3,570 person-hours of training was provided in 2023.

Training time per employee, including contractor employees, reached 6.72 hours by the end of 2023.

Kartonsan offers internship opportunities to students and new graduates.

In order to contribute to the professional development of students and new graduates and to facilitate their adaptation to business life, Kartonsan offers internship opportunities.

In 2023, 21 students from vocational high schools, technical high schools, vocational schools, and universities at the undergraduate level completed their internships and received skills training.

Due to the strike and BM1 halt, the university-industry collaboration's annual long-term internship program could not take place in 2023.

GRI 2-30, 402-1, 404-1, 404-2, 404-3, 406-1, 407-1

KARTONSAN'S HUMAN RESOURCES, WHICH ARE DISTINGUISHED BY THEIR COMPETENCIES AND QUALIFICATIONS, CONSIST OF INDIVIDUALS WHO ARE COMMITTED TO THE CORPORATE CULTURE, WHOSE SENSE OF BELONGING IS AT THE FOREFRONT, AND WHO ARE SUCCESS-ORIENTED WITH THEIR KNOWLEDGE AND EXPERIENCE.

Respect for the union rights of employees

Kartonsan is an employer that respects the union rights of its employees and adopts an approach that allows and supports the free exercise of these rights.

A collective bargaining agreement between Kartonsan and the Selüloz-İş Union, effective for the period 2022-2024, was signed in April 2023 and the strike of unionized employees since 22 December 2022 has ended.

Kartonsan has an exemplary track record of union relations within the Turkish industry. The company has implemented a systematic approach to signing Collective Bargaining Agreements and has provided support to its employees to become members of unions that operate within the legal framework.

The Selüloz-İş Union is organized at Kartonsan. Kartonsan has a designated number of workplace representatives who are members of the union as required by legal regulations. Kartonsan holds the expectation that its suppliers and business partners will adhere to its rigorous approach regarding the safeguarding of trade union rights.

Individual Suggestion System

The Individual Suggestion System, which has been implemented at Kartonsan since 2017, is an application that encourages employees to be more participatory. Within the scope of the said application, employees are given the opportunity to submit their own suggestions regarding the areas they work in or the machinery under their responsibility.



Key Demographic Indicators of Kartonsan and Its Affiliated Companies DÖNKASAN and Selka

	2022	2023
Total Workforce (number)	316	350
Female	35	43
Male	281	307
Total Workforce by Category (number)	316	350
Blue Collar	195	206
White Collar	121	144
Total Workforce by Age (number)	316	350
Under 30	26	28
Between 30-50	241	265
Over 50	49	57
Employees Under Collective Labor Agreement (number)	170	170

OCCUPATIONAL HEALTH AND SAFETY AT KARTONSAN

GRI 403-1, 403-3, 403-5, 403-8, 403-9, 403-10, 404-1, 404-2, 404-3,

**We are committed,
to ensuring that
our employees
return home to
their families
safe and sound at
the end of each
workday.**

**OHS Trainings Offered
to Employees
1,616
hours**

(For company employees and subcontractors)

IT IS KARTONSAN'S INDISPENSABLE GOAL TO ENTIRELY AND COMPLETELY MEET OCCUPATIONAL HEALTH AND SAFETY CRITERIA UNDER ALL CIRCUMSTANCES.

Occupational health and safety operations at Kartonsan are carried out under the responsibility and coordination of the Human Resources and Quality Systems Department. The company strives to comply with the Occupational Health and Safety Law No. 6331 and legal regulations regarding OHS, and it implements the necessary practices.

OHS Target

Kartonsan's primary objective is to ensure full compliance with occupational health and safety standards across all its operational domains.

The Kartonsan Occupational Health and Safety Board has maintained its systematic and effective efforts throughout 2023. In this particular context, measures such as corrective and preventive studies, including employee training, process improvement, and health screenings, were implemented to minimize the occurrence of occupational accidents. Furthermore, the organization has closely adhered to the regulations outlined in global standards and has prioritized the enhancement of workplace safety on a continual basis.

Moreover, in accordance with occupational health and safety studies, periodic checks are conducted on the physical conditions and technical infrastructure of the Kartonsan Factory.

Efforts were made to enhance the factory's information and warning systems, as well as to identify and resolve any problematic elements throughout the year.

Kartonsan's primary objective regarding occupational health and safety is to ensure full compliance with all relevant legislation and meet all necessary criteria.

GRI 403-1, 403-3, 403-5, 403-8, 403-9, 403-10, 404-1, 404-2, 404-3,

TRAINING PROGRAMS DESIGNED TO REINFORCE OHS AWARENESS

Kartonsan provides its employees with practical and theoretical training programs to increase their awareness of occupational health and safety.

Training activities aimed at increasing the knowledge level of Kartonsan employees on OHS continued in 2023. In 2023, a total of 1,616 hours of OHS training activities were carried out for Company employees and subcontractors.

Workplace doctors at the Kartonsan Factory continued their efforts on employee health and well-being in 2023, providing the appropriate support to employees with health issues and guidance as needed.

OHS Board

At Kartonsan, OHS issues are handled by the 18-member OHS Board, which includes 2 employee representatives. The Board meets every month under the chairmanship of the Factory Manager, and carries out the activities of determining the suggestions, near-miss notifications, opinions and determinations conveyed by the representatives and the occupational safety expert, and the work accident evaluations, if any, and the studies to be carried out to prevent the recurrence of these accidents.

The OHS training indicators that Kartonsan offered to its employees in 2023 are presented in the table below.

1,616 HOURS OF TRAINING WERE PROVIDED IN KARTONSAN'S OHS TRAINING ACTIVITIES IN 2023 WITH THE PARTICIPATION OF 191 PEOPLE.

OHS Trainings Offered to Employees	2022	2023
Total Number of Participants	201	191
Blue collar	74	103
White collar	46	43
Other employees	81	45
Female	16	11
Male	185	180

OHS Trainings Offered to Employees	2022	2023
Total training hours	2,046	1,616
Blue collar	632	876
White collar	370	344
Other employees	1,044	396
Female	134	74
Male	1,912	1,542

CORPORATE SOCIAL RESPONSIBILITY

KAHRAMANMARAŞ EARTHQUAKES ON 6 FEBRUARY 2023

We commemorate our citizens who perished in the devastating earthquakes centered in Kahramanmaraş on 6 February 2023 with respect and compassion, and extend our deepest condolences to their families.

As an expression of our commitment to healing the wounds of the earthquake disaster that profoundly affected our country and caused immense suffering, our Board of Directors decided to donate TL 1,000,000 to the Earthquake Assistance Account established by Kocaeli Governorship on 9 February 2023, and the mentioned amount was promptly transferred to the account on the same day.

Kartonsan's efforts in terms of social responsibility illustrate its contribution to both social and relational capital.

Kartonsan designs and implements its social responsibility activities with a long term approach aiming to create permanent value for the society. In this context, the company focuses on education and environmental issues and contributes to social development.

Kartonsan shares the value it produces with the society, which is its largest stakeholder group. Education and the environment form the basis of the areas where the Company adds value to society.

The donations made by Kartonsan in 2023 are summarized in the table below.

Donations to	Amount (TL)
Associations and foundations (Educational, sports-related, sectoral and social)	30,511
Social donations	1,000,000
Total	1,030,511

AFFILIATED COMPANIES

Selka İç ve Dış Ticaret A.Ş.

Superior and high quality service to the printing, packaging and cardboard industry

Selka İç ve Dış Ticaret A.Ş. (Selka) was founded in 1991.

Conducting its operations in coated cardboard trade area, Selka meets coated cardboard needs of printing, packaging and cardboard industries in Turkey in a quick, economic and perfect manner with its high quality product range.

Selka sells Kartonsan's standard sized or mixed sized cardboard. It is also the sole seller of lower quality cardboard (K-3) which is the output of the production process.

The Company, which also imports chrome cardboard, has also started importing and domestically selling Bristol cardboard, which is not produced in Turkey, since 2017. Selka provides logistic services to Kartonsan in its premises in İstanbul- Sefaköy where it handles its marketing and sales activities.

Selka's coated cardboard sales, which was 36,050 tons by the end of 2022, reached 26,746 tons by the end of 2023.

Throughout the reporting period, the Company's total turnover amounted to around TL 395 million, as stated in the income statement prepared in compliance with the regulations of the Tax Procedure Law.

Selka is a subsidiary of Kartonsan which has an ownership stake of 99.37%

Selka's comparative net sales quantities and amounts for 2022 and 2023 are presented below:

	January-December 2022	January-December 2022	January-December 2023	January-December 2023
	Sales Quantity (tons)	Sales Amount (TL)	Sales Quantity (ton)	Sales Amount (TL)
K1-K2 cardboard	7,664	121,900,401	4,024	62,664,367
K3 cardboard	11,730	143,828,058	9,721	106,051,357
Imported cardboard	16,656	302,072,541	13,001	226,148,359
Total	36,050	567,801,000	26,746	394,864,083

*The TL amounts provided represent values that have not been adjusted for inflation or reflect prices as of 31.12.2023.

For Selka website, please visit <https://www.selkaticaret.com/tr/>

AFFILIATED COMPANIES

Dönkasan Dönüştürülen Atık Kağıt San. ve Tic. A.Ş.

An efficient company that contributes to the circular economy

Dönkasan Dönüştürülen Atık Kağıt Sanayi ve Ticaret A.Ş. (DÖNKASAN) is a recycled waste paper manufacturing and trading company that was founded as a result of a demerger of its predecessor (Dönkasan Dönüßen Kağıt Hammaddeleri Sanayi ve Ticaret A.Ş.) in 2015. The company is a wholly-owned subsidiary of Kartonsan. DÖNKASAN is involved in the collection of wastepaper, sorting them according to their types and preparing them for the production of paper and cardboard.

At DÖNKASAN, which has increased its capacity with through infrastructure investments, facility maintenance has been conducted in 2022. DÖNKASAN continues its operations in its facility located in Esenyurt, Istanbul.

The Company's income statement, which was compiled in accordance with the TPL's provisions, indicates that it sold 29 thousand tons of waste paper in 2023, including intra-group sales. This resulted in a net revenue of TL 134 million, with historical values that were not adjusted for inflation.

DÖNKASAN's corporate goal is to grow in parallel with market conditions and to further develop the synergistic collaboration it has established with Kartonsan.

DÖNKASAN is a member of the Turkish Association of Recyclable Waste Materials Industry (TÜDAM).

DÖNKASAN's comparative net sales quantities and amounts for 2022 and 2023 are presented below:

	January-December 2022	January-December 2022	January-December 2023	January-December 2023
	Sales Quantity (tons)	Sales Amount (TL)	Sales Quantity (ton)	Sales Amount (TL)
Waste paper	52,571	224,343,726	29,442	134,424,635

*The TL amounts provided represent values that have not been adjusted for inflation or reflect prices as of 31.12.2023.

For DÖNKASAN website, please visit <https://www.donkasan.com.tr/tr/>

CORPORATE GOVERNANCE, RISK MANAGEMENT AND FINANCIAL INFORMATION

Independent Auditor's Report on the Annual Report of the Board of Directors

Limited Assurance Report

**Consolidated Financial Statements as at and for the Year Ended 31 December 2023 Together with the
Independent Auditors' Report**

Other Information and Matters That Must be Explained Pursuant to the Legislation

CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT ON THE BOARD OF DIRECTORS' ANNUAL REPORT ORIGINALLY ISSUED IN TURKISH**INDEPENDENT AUDITOR'S REPORT ON THE ANNUAL REPORT OF THE BOARD OF DIRECTORS**

To the General Assembly of Kartonsan Karton Sanayi ve Ticaret Anonim Şirketi

Opinion

We have audited the annual report of Kartonsan Karton Sanayi ve Ticaret Anonim Şirketi ("the Company" or "Kartonsan") and its subsidiaries (the "Group") for the period of 1 January– 31 December 2023.

In our opinion, the financial information provided in the annual report of the Board of Directors and the discussions made by the Board of Directors on the situation of the Group are presented fairly and consistent, in all material respects, with the audited complete set of consolidated financial statements and the information we obtained during the audit.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA") which are part of the Turkish Auditing Standards as issued by the Public Oversight Accounting and Auditing Standards Authority of Turkey ("POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Annual Report section of our report. We are independent of the Group in accordance with the Code of Ethics for Independent Auditors ("Code of Ethics") as issued by the POA, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our Auditor's Opinion on the Complete Set of Financial Statements

We have expressed an unqualified opinion in our auditor's report dated 4 June 2024 on the complete set of consolidated financial statements of the Group for the period of 1 January - 31 December 2023.

The Responsibility of the Board of Directors on the Annual Report

In accordance with articles 514 and 516 of the Turkish Commercial Code No. 6102 ("TCC"), the management of the Group is responsible for the following items:

- a) Preparation of the annual report within the first three months following the balance sheet date and submission of the annual report to the general assembly.
- b) Preparation and fair presentation of the annual report; reflecting the operations of the Group for the year, along with its financial position in a correct, complete, straightforward, true and honest manner. In this report, the financial position is assessed according to the consolidated financial statements. The development of the Group and the potential risks to be encountered are also noted in the report. The evaluation of the board of directors is also included in this report.

c) The annual report also includes the matters below:

- Subsequent events occurred after the end of the fiscal year which have significance,
- The research and development activities of the Group,
- Financial benefits such as salaries and bonuses paid to the board members and to those charged governance, allowances, travel, accommodation and representation expenses, financial aids and aids in kind, insurances and similar deposits.

When preparing the annual report, the board of directors takes into account the secondary legislative arrangements published by the Ministry of Trade and related institutions.

Auditor's Responsibility for the Audit of the Annual Report

Our aim is to express an opinion, based on the independent audit we have performed on the annual report in accordance with provisions of the Turkish Commercial Code on whether the financial information provided in this annual report and the discussions of the Board of Directors are presented fairly and consistent with the Group's audited consolidated financial statements and to prepare a report including our opinion.

The independent audit we have performed is conducted in accordance with ISA. These standards require compliance with ethical provisions and the independent audit to be planned and performed to obtain reasonable assurance on whether the financial information provided in the annual report and the discussions of the Board of Directors are free from material misstatement and consistent with the financial statements.

The engagement partner who supervised and concluded this audit report is Emine Gündüz Altınok.

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



Emine Gündüz Altınok
Partner
İstanbul, 04.06.2024

AUDITOR'S LIMITED ASSURANCE REPORT ON KARTONSAN'S SUSTAINABILITY REPORT LIMITED ASSURANCE REPORT

**(CONVENIENCE TRANSLATION OF THE LIMITED ASSURANCE REPORT ORIGINALLY ISSUED
IN TURKISH)**

To the General Assembly of Kartonsan Karton Sanayi ve Ticaret A.Ş.

We have been engaged by Kartonsan Karton Sanayi ve Ticaret Anonim Şirketi ("Kartonsan" or the "Company") to perform a limited assurance engagement by General Assembly in respect of the Selected Sustainability Information ("Selected Information") stated in the Integrated Report 2023 ("the Integrated Report 2023") under section of "Kartonsan Performance Indicators" for the year ended 31 December 2023 and listed below.

Selected Information

The scope of the Selected Information for the year ended 31 December 2023, which is subject to our limited assurance work, of the Integrated Report 2023 is summarised below:

- Total number of employees
- Breakdown of employees by categories and gender
- Labor force in accordance with the collective bargaining agreement and unionization ratio
- Amount of recycled paper (wastepaper)
- Amount of recoverable waste heat
- Amount of non-hazardous waste in accordance with the disposal methods
- Total water consumption
- Number of employees in "Occupational Health and Safety" training and number of training hours
- Number of suppliers evaluated in accordance with the "Environmental, Social and Governance" performance criteria

Our independent limited assurance report (the "Report") was with respect to the year ended 31 December 2023 information only and we have not performed any procedures with respect to earlier periods or any other elements including subsidiaries (Dönkasan and Selka), other than Selected Information included in the Integrated Report 2023 and, therefore, do not express any conclusion thereon.

The criteria

The criteria used by Kartonsan to prepare the Selected Information is set out in Kartonsan Integrated Report 2023 - Reporting Guidance' (the "Reporting Guidance") determined by "Sustainability Committee".

Inherent Limitations

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the subject matter and the methods used for determining such information. The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measures and measurement techniques and can affect comparability between entities. The precision of different measurement techniques may also vary. Furthermore, the nature and methods used to determine such information, as well as the measurement criteria and the precision thereof, may change over time. It is important to read the Selected Information in the context of the Reporting Guidance.

Our engagement is not designed to detect all weaknesses in the internal controls over the preparation and presentation of the Selected Information and Integrated Report 2023, as the engagement has not been performed continuously throughout the period and the procedures performed were undertaken on a test basis.

In particular, the calculations related to carbon emissions is based upon, inter alia, laboratory analysis, information, gas flow measurement parameters and factors generated internally and/or derived by independent third parties as explained in the Reporting Guidance. Our assurance work has not included examination of the derivation of those factors and other third-party information.

The Management's Responsibility

Kartonsan is responsible for the content of the Integrated Report 2023 and the preparation of the Selected Information in accordance with the Reporting Guidance. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of Selected Information that is free from material misstatement, whether due to fraud or error.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. Our firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibility

Our responsibility is to form a conclusion, based on limited assurance procedures, on whether anything has come to our attention that causes us to believe that the Selected Information has not been properly prepared in all material respects in accordance with the Reporting Guidance. We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 ("Revised"), Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the Public Oversight, Accounting and Auditing Standards Authority ("POA"). A limited assurance engagement is substantially less in scope than a reasonable assurance engagement under ISAE 3000 in accordance with the Reporting Criteria of Selected Information.

Consequently, the nature, timing and extent of procedures for gathering sufficient appropriate evidence are deliberately limited relative to a reasonable assurance engagement. The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above we:

- Making inquiries of the persons responsible and the Kartonsan's management for the Selected Information;
- Understanding the process for collecting and reporting the Selected Information. This included analyzing the key processes and controls for managing and reporting the Selected Information;
- Evaluating the source data used to prepare the Selected Information and re-performing selected examples of calculation;
- Performing limited substantive testing on a selective basis of the preparation and collation of the Selected Information prepared by Kartonsan; and
- Undertaking analytical procedures over the reported data.

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that Kartonsan's Selected Information for the year ended 31 December 2023, is not properly prepared, in all material respects, in accordance with the Reporting Guidance.

This report, including the conclusion, has been prepared for the Board of Directors of the Kartonsan as a body, to assist the Board of Directors in reporting Kartonsan's performance and activities related to the Selected Information. We permit the disclosure of this report within the Integrated Report for the year ended 31 December 2023, to enable the Board of Directors to demonstrate they have discharged their governance responsibilities by commissioning a limited assurance report in connection with the Selected Information. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board of Directors as a body and Kartonsan Karton Sanayi ve Ticaret Anonim Şirketi for our work or this report save where terms are expressly agreed and with our prior consent in writing.

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



Emine Gündüz Altınok
Partner
İstanbul, 04 June 2024

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR REPORT

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

(Convenience translation into english of the
independent auditors' report and consolidated
financial statements originally issued in Turkish)

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Kartonsan Karton Sanayi ve Ticaret Anonim Şirketi

Report on the Audit of the Consolidated Financial Statements

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

Inventories

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

Key audit matter	How our audit addressed the key audit matter
<p>Inventories are valued at the lower of cost or net realisable value in the consolidated financial statements.</p> <p>The cost of inventories is determined by the weighted average method on a monthly basis.</p> <p>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.</p>	<p>We performed the following procedures for testing the provision for inventory impairment and net realisable value:</p> <p>As a part of our audit procedures,</p> <ul style="list-style-type: none"> - Evaluating whether there is a need for provision for net realizable value in accordance with the changes in gross sales profit on a general or product basis, - Evaluating the sales invoice samples and the unit prices in these invoices were compared with the unit prices in the balance sheet period and after the balance sheet date, - Testing inventory impairment balances with the inventory aging reports and prepare and compare the year-end inventory counts indicate that whether there were inventories that had not moved or been damaged for a long time which is considered as idle, - Comparing the inventory turnover ratio, statement of cost of sales and selling costs to sales ratio with the prior period, - Recalculating the inventory cards selected as a sample for the cost calculation of the Group on the basis of substantive tests, - Evaluating inventory impairment study of the Group, - Testing the disclosures in the consolidated financial statements in relation to the inventories and evaluating the adequacy of such disclosures for TFRS requirements, - We had no material findings related to the accounting for inventories as a result of these procedures.

INDEPENDENT AUDITOR'S REPORT

Property, plant and equipment

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

Key audit matter	How our audit addressed the key audit matter
<p>The consolidated financial statements as of and for the year ended 31 December 2023 include property, plant and equipment with carrying value of TL 1.673.057.810. Depreciation is provided for property, plant and equipment on a straight-line basis over their estimated useful lives for property, plant and equipment and the Group management used some estimates for the calculation of the relevant property, plant and equipment. In addition, the Group management has been tested for impairment on property, plant and equipment in every reporting period.</p> <p>The accounting estimates used by the Group management for calculating the depreciation on these estimates, the impairment tests and related notes determined as a key audit matter for audit of the consolidated financial statements.</p>	<p>We performed the following procedures in relation to the depreciation calculation methods of property, plant and equipment and evaluating the related impairment tests:</p> <p>As a part of our audit procedures,</p> <ul style="list-style-type: none"> - We have evaluated the model of impairment tests critically based on the Group management's estimates and assumptions. We have assessed the discounted cash flow estimates and past financial performances and trends of the Group. We have recalculated the impairment model in order to evaluate the sensitivity of the growth rates, discount rates and some basic assumptions used by the Group management. - Evaluating the consistency of estimates performed by the Group management for property, plant and equipment based on retrospective comparison, - Assessing and recalculating the inputs and estimates used including the depreciation studies for the impairment analysis of property, plant and equipment performed by the Group management, - Testing the disclosures in the consolidated financial statements in relation to the impairment on property, plant and equipment and evaluating the adequacy of such disclosures for TFRS requirements, <p>We had no material findings related to the recognition for property, plant and equipment as a result of these procedures.</p>

Revenue

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

Key audit matter	How our audit addressed the key audit matter
<p>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.</p> <p>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.</p> <p>The consolidated financial statements as of and for the year ended 31 December 2023 include revenue with the carrying value of TL 2.480.406.498 which is recognised in "revenue" item under consolidated statement of profit or loss and other comprehensive income.</p>	<p>We performed the following procedures for testing the revenue recognition:</p> <p>As a part of our audit procedures,</p> <ul style="list-style-type: none"> - Evaluating the revenue as a process is evaluated by observing the sales and delivery procedures of the Group, - Our audit procedures are focused on the assessment of invoices issued but risk and ownership have not been transferred. In this context, invoice, delivery note, warehouse exit and delivery documents are analyzed by sampling method and the actual delivery is made before the balance sheet date is evaluated. - Evaluating the revenue recognition during the period by applying the material verification procedures and substantive tests to the sales returns during the period following the end of the year. - Testing the disclosures in the consolidated financial statements in relation to the recognition of revenue and evaluating the adequacy of such disclosures for TFRS requirements, <p>We had no material findings related to the revenue recognition as a result of these procedures.</p>

Application of TAS 29 - "Financial Reporting in Hyperinflationary Economies"

Please refer to note 2.01 to the consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
<p>As stated in Note 2.01, the Group applied TAS 29 "Financial reporting in hyperinflationary economies" ("TAS 29") in the consolidated financial statements as of and for the year ended 31 December 2023 due to the functional currency ("TL") determined as the currency of the hyperinflationary economy.</p> <p>TAS 29 requires consolidated financial statements to be restated into the current purchasing power of Turkish Lira at the end of the reporting period. Applying TAS 29 results in significant changes to the consolidated financial statement items and non-monetary balances included in the Group's consolidated financial statements as of and for the year ending 31 December 2023, including prior year restatements to reflect a price index that is current at the balance sheet date as of 31 December 2023. In addition, considering the additional effort required to perform the audit of the application of TAS 29, we identified the application of TAS 29 as a key audit matter.</p>	<p>We performed the following audit procedures in relation to the application of TAS 29:</p> <p>As a part of our audit procedures,</p> <ul style="list-style-type: none"> - Understanding and evaluating the process and controls related to application of TAS 29 designed and implemented by the Group management, - Verifying whether the Group management's determination of monetary and non-monetary items is in compliance with TAS 29, - Obtaining detailed lists of non-monetary items and testing original entry dates and amounts with supporting documentation on a sample basis whether they are correctly included in the calculation, - Verifying the general price index rates and methodologies used in calculations correspond with the coefficients in the "Consumer Price Index in Turkey", - Testing the mathematical accuracy of non-monetary items, consolidated statement of profit or loss, and statement of cash flow adjusted for inflation effects, - Evaluating the adequacy of disclosures related to the application of TAS 29 in the notes to the consolidated financial statements in accordance with TFRS. <p>We had no material findings related to the application of inflation accounting as a result of these procedures.</p>

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.

INDEPENDENT AUDITOR'S REPORT

- Assess the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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



Emine Gündüz Altınok
Partner
İstanbul, 4 June 2024

CONTENT

	PAGE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION	82
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	85
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY	86
CONSOLIDATED STATEMENTS OF CASH FLOWS	88
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	89-141
NOTE 1 GROUP'S ORGANISATION AND NATURE OF OPERATIONS	89
NOTE 2 BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS	89
NOTE 3 OPERATING SEGMENTS	110
NOTE 4 CASH AND CASH EQUIVALENTS	111
NOTE 5 RELATED PARTY DISCLOSURES	111
NOTE 6 TRADE RECEIVABLES AND PAYABLES	113
NOTE 7 BORROWINGS	114
NOTE 8 OTHER RECEIVABLES AND PAYABLES	114
NOTE 9 INVENTORIES	115
NOTE 10 INVESTMENT PROPERTIES	115
NOTE 11 PROPERTY, PLANT AND EQUIPMENT	116
NOTE 12 RIGHT OF USE ASSETS AND INTANGIBLE ASSETS	117
NOTE 13 GOVERNMENT GRANTS	118
NOTE 14 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS	119
NOTE 15 COMMITMENTS	121
NOTE 16 EMPLOYEE BENEFITS	121
NOTE 17 PREPAID EXPENSES AND OTHER CURRENT ASSETS	123
NOTE 18 EQUITY	124
NOTE 19 REVENUE AND COST OF SALES	126
NOTE 20 GENERAL ADMINISTRATIVE AND MARKETING EXPENSES	127
NOTE 21 EXPENSES BY NATURE	128
NOTE 22 OTHER OPERATING INCOME AND EXPENSES	128
NOTE 23 GAINS AND LOSSES FROM INVESTMENT ACTIVITIES	129
NOTE 24 FINANCIAL EXPENSES	129
NOTE 25 INCOME TAXES (DEFERRED TAX ASSETS AND LIABILITIES INCLUDED)	129
NOTE 26 EARNINGS PER SHARE	132
NOTE 27 FINANCIAL INSTRUMENTS	133
NOTE 28 NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS	133
NOTE 29 FEES FOR SERVICES RECEIVED FROM INDEPENDENT AUDITOR/INDEPENDENT AUDIT FIRMS	140
NOTE 30 EVENTS AFTER THE REPORTING PERIOD	141
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	141

KARTONSAN KARTON SANAYİ VE TİCARET A.Ş.**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023 AND 2022**

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

(Convenience translation into english of the consolidated financial statements originally Issued in Turkish)

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

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

KARTONSAN KARTON SANAYİ VE TİCARET A.Ş.**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023 AND 2022**

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

(Convenience translation into english of the consolidated financial statements originally Issued in Turkish)

		(Audited)	(Audited)
	Notes	31 December 2023	31 December 2022
LIABILITIES			
Current Liabilities			
Short-term borrowings	5-7	752.946	2.036.455
- Related parties	5-7	752.946	335.746
- Lease liabilities	5-7	752.946	335.746
- Third parties	7	0	1.700.709
- Bank borrowings	7	0	0
- Lease liabilities	7	0	1.700.709
Trade payables	5-6	459.753.877	467.180.725
- Related parties	5	152.512	136.801
- Third parties	6	459.601.365	467.043.924
Employee benefits	16	21.260.283	14.509.773
Other payables	5-8	29.363.942	45.719.399
- Related parties	5	148.723	148.052
- Third parties	8	29.215.219	45.571.347
Current income tax liabilities	25	3.922.919	3.104.842
Short-term provisions	14-16	14.681.766	23.656.941
- Short-Term Provisions for Employee Benefits	16	6.132.029	10.209.559
- Other Short-Term Provisions	14	8.549.737	13.447.382
Total Current Liabilities		529.735.733	556.208.135
Non-Current Liabilities			
Long-Term Borrowings	5-7	6.897.349	6.267.893
- Related parties	5-7	6.897.349	5.752.351
- Lease liabilities	5-7	6.897.349	5.752.351
- Third parties	7	0	515.542
- Lease liabilities	7	0	515.542
Long-Term Provisions	16	60.709.325	78.372.171
- Long-Term Provisions for Employee Benefits	16	60.709.325	78.372.171
Deferred tax liabilities	25	32.915.237	146.500.144
Total Non-Current Liabilities		100.521.911	231.140.208

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

KARTONSAN KARTON SANAYİ VE TİCARET A.Ş.**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023 AND 2022**

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

(Convenience translation into english of the consolidated financial statements originally Issued in Turkish)

		(Audited)	(Audited)
	Notes	31 December 2023	31 December 2022
EQUITY			
Equity Holders of the Parent		2.384.163.036	3.301.687.144
Paid-in Share Capital	18	75.000.000	75.000.000
Adjustment to Share Capital	18	580.247.842	580.247.842
Share Premium		7.579.137	7.579.137
Other Comprehensive Income or Expenses not to be			
Reclassified to Profit or Loss	18	(33.210.857)	(35.221.801)
- <i>Gains/(losses) on remeasurements of defined benefit plans</i>	18	(33.210.857)	(35.221.801)
Restricted Reserves	18	567.611.693	533.837.394
- <i>Gains on Disposal of Subsidiaries or Property, Plant and</i>			
<i>Equipment and Intangible Assets</i>	18	30.327.572	30.327.572
- <i>Legal Reserves</i>	18	537.284.121	503.509.822
Retained Earnings		2.032.600.317	1.603.320.119
Profit of the Period		(845.665.096)	536.924.453
Non-Controlling Interests		1.189.121	1.707.865
Total Equity		2.385.352.157	3.303.395.009
TOTAL LIABILITIES AND EQUITY		3.015.609.801	4.090.743.352

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

KARTONSAN KARTON SANAYİ VE TİCARET A.Ş.**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2023 AND 2022**

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

(Convenience translation into english of the consolidated financial statements originally Issued in Turkish)

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

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

KARTONSAN KARTON SANAYİ VE TİCARET A.Ş.**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2023 AND 2022**

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

(Convenience translation into english of the consolidated financial statements originally Issued in Turkish)

Prior 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 remeasurements of defined benefit plans
Balances at 1 January 2022 (Beginning of the period)	75.000.000	580.247.842	7.579.137	(21.118.134)
Transfers				-
Total comprehensive income				(14.103.667)
Dividends paid				-
Balances at 31 December 2022 (End of the period)	75.000.000	580.247.842	7.579.137	(35.221.801)
Current period - 31 December 2023 (Audited)				
	Paid-in share capital	Adjustment to share capital	Share premium	Items not to be reclassified to profit or loss Gains/(losses) on remeasurements of defined benefit plans
Balances at 1 January 2023 (Beginning of the period)	75.000.000	580.247.842	7.579.137	(35.221.801)
Transfers	-	-		-
Total comprehensive income				2.010.944
Dividends paid				-
Balances at 31 December 2023 (End of the period)	75.000.000	580.247.842	7.579.137	(33.210.857)

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

Retained earnings					
Restricted reserves	Prior years' income	Profit for the Period	Equity holders of the parent	Non-controlling interests	Total equity
480.330.362	1.207.415.090	894.217.352	3.223.671.649	1.531.778	3.225.203.427
53.507.032	840.710.320	(894.217.352)	-	-	-
		536.924.453	522.820.786	226.778	523.047.564
	(444.805.291)		(444.805.291)	(50.691)	(444.855.982)
533.837.394	1.603.320.119	536.924.453	3.301.687.144	1.707.865	3.303.395.009

Retained earnings					
Restricted reserves	Prior years' income	Profit for the Period	Equity holders of the parent	Non-controlling interests	Total equity
533.837.394	1.603.320.119	536.924.454	3.301.687.145	1.707.865	3.303.395.010
33.774.299	503.150.155	(536.924.454)	-	-	-
		(845.665.096)	(843.654.152)	(518.744)	(844.172.896)
	(73.869.957)		(73.869.957)	-	(73.869.957)
567.611.693	2.032.600.317	(845.665.096)	2.384.163.036	1.189.121	2.385.352.157

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

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

(Convenience translation into english of the consolidated financial statements originally Issued in Turkish)

		(Audited) 31 December 2023	(Audited) 31 December 2022
CASH FLOWS FROM OPERATING ACTIVITIES		(173.046.765)	951.106
Profit for the period		(846.639.649)	537.699.839
Profit for the period from continuing operations		(846.639.649)	537.699.839
Adjustments to reconcile profit for the period to cash generated from operating activities		180.340.228	484.262.466
Depreciation and amortisation	11,12,21	281.824.160	253.515.160
Adjustments for Impairment (Reversal)		33.309.001	15.625.357
Adjustments for Receivables Impairment (Reversal)		83.761	(12.476.694)
Adjustments for Inventory Impairment (Reversal)		33.225.240	28.102.051
Adjustments for Provisions		(10.858.165)	45.066.031
Adjustments for Provision for Employee Benefits (Reversal)		(5.960.520)	48.928.246
Adjustment for free provisions for potential risks (Reversal)		-	-
Adjustments for Other Provisions (Reversal)		(4.897.645)	(3.862.215)
Adjustments for interest income and expenses		33.210.425	(18.484.259)
Adjustments for Interest Income		(28.927.848)	(81.115.890)
Adjustments for Interest Expenses	24	53.674.222	83.750.970
Deferred financial expense arising from term purchases	22	31.274.575	36.987.806
Unearned finance income from term sales	22	(22.810.524)	(58.107.145)
Adjustments for tax income/expense	25	(281.262.713)	352.010.198
Adjustments for losses/(gains) on disposal of non-current assets		(1.300.397)	(572.696)
Adjustments for losses/(gains) on disposal of property, plant and equipment		(1.300.397)	(572.696)
Other adjustments to reconcile profit for the period		125.417.917	(162.897.325)
Changes in working capital		567.196.177	(591.419.780)
Adjustments for Gains/(Losses) on Trade Receivables		102.547.107	151.237.407
Related parties		20.459.914	(2.105.898)
Third parties		82.087.193	153.343.305
Adjustments for Gains/(Losses) on Other Receivables Related to Operations		8.273.359	(34.789.986)
Third parties		8.273.359	(34.789.986)
Adjustments for Gains/(Losses) on Inventories		495.039.032	(574.793.467)
Adjustments for Gains/(Losses) in prepaid expenses		49.071.742	52.034.177
Adjustments for Gains/(Losses) on Trade Payables		(7.112.500)	(41.618.794)
Related parties		15.711	(25.816)
Third parties		(7.128.211)	(41.592.978)
Adjustments for Gains/(Losses) in payables due to employee benefits		6.750.510	3.012.458
Adjustments for Gains/(Losses) in Other Payables Related to Operations		(16.355.457)	(998.885)
Related parties		671	(4.556)
Third parties		(16.356.128)	(994.329)
Adjustments for other changes in working capital		(71.017.616)	(145.502.690)
Changes in other assets related to operations		(71.017.616)	(145.502.690)
Total Cash Flows from Operating Activities		(99.103.244)	430.542.525
Interest paid		(85.263.145)	(121.227.554)
Interest received		22.798.283	56.771.135
Income taxes refund/(paid)	25	(11.478.659)	(365.135.000)
CASH FLOWS FROM INVESTING ACTIVITIES		(150.312.608)	(222.357.100)
Cash Inflows from Sale of Property, Plant and Equipment and Intangible Assets		2.165.915	595.260
Cash Inflows from Sale of Property, Plant and Equipment		2.165.915	595.260
Cash Outflows from Purchase of Property, Plant and Equipment and Intangible Assets		(208.952.023)	(317.610.237)
Cash Outflows from Purchase of Property, Plant and Equipment	11	(208.948.876)	(314.978.255)
Cash Outflows from Purchase of Intangible Assets	12	(3.147)	(2.631.982)
Repayments of cash advances and debts given		27.365.162	12.951.216
Repayments from other cash advances and debts given		27.365.162	12.951.216
Interest received		29.108.338	81.706.661
CASH FLOWS FROM FINANCING ACTIVITIES		(206.468.551)	(291.272.604)
Cash outflows from repayments of borrowings		-	(479)
Cash outflows from repayments of loans		-	(479)
Cash outflows from payments of lease liabilities		(6.865.204)	(8.396.273)
Dividends paid		(199.603.347)	(282.875.852)
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES		(529.827.924)	(512.678.598)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(529.827.924)	(512.678.598)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	4	624.868.595	1,137.547.193
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	4	95.040.671	624.868.595

KARTONSAN KARTON SANAYİ VE TİCARET A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023**

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

(Convenience translation into english of the consolidated financial statements originally Issued in Turkish)

NOTE 1 - GROUP'S ORGANISATION AND NATURE OF OPERATIONS

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

The registered address of Kartonsan is as follows:

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

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

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

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

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

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

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

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS**2.1 Basis of presentation****2.1.1 Financial reporting standards**

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

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

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

KARTONSAN KARTON SANAYİ VE TİCARET A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023**

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

(Convenience translation into english of the consolidated financial statements originally Issued in Turkish)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)**2.1 Basis of presentation (continued)****2.1.1 Financial reporting standards (continued)****2.1.1.1 Adjustments of financial statements in hyperinflationary periods***Financial reporting in hyperinflationary economies*

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

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

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

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

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

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

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

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

KARTONSAN KARTON SANAYİ VE TİCARET A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023**

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

(Convenience translation into english of the consolidated financial statements originally Issued in Turkish)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)**2.1 Basis of presentation (continued)****2.1.1 Financial reporting standards (continued)****2.1.1.1 Adjustments of financial statements in hyperinflationary periods (continued)**

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

- As of the balance sheet date, all items other than those stated in terms of current purchasing power are restated by using the relevant price index coefficients. Prior year amounts are also restated in the same way.
- Monetary assets and liabilities are expressed in terms of the purchasing power at the balance sheet date and are therefore not subject to restatement. Monetary items are cash and items to be received or paid in cash.
- Non-current assets, subsidiaries and similar assets are indexed to their acquisition costs, which do not exceed their market values. Depreciation has been adjusted in a similar manner. Amounts included in equity have been restated by applying general price indices for the periods in which they were contributed to or arose within the Group.
- All items in the statement of profit or loss, except for the effects of non-monetary items in the statement of financial position and in the statement of profit or loss, have been restated by applying the multiples calculated over the periods when the income and expense accounts were initially recognised in the consolidated financial statements.
- The gain or loss arising on the net monetary position as a result of general inflation is the difference between the adjustments to non-monetary assets, equity items and profit or loss accounts. This gain or loss on the net monetary position is included in net profit.

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

Restatement of the Statement of Financial Position

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

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

Restatement of the Statement of Profit or Loss

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

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

KARTONSAN KARTON SANAYİ VE TİCARET A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023**

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

(Convenience translation into english of the consolidated financial statements originally Issued in Turkish)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)**2.1 Basis of presentation (continued)****2.1.1 Financial reporting standards (continued)****2.1.1.1 Adjustments of financial statements in hyperinflationary periods (continued)**Restatement of Statement of Cash Flows

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

Consolidated financial statements

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

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

Comparative figures

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

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 ConsolidationBasis 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.

KARTONSAN KARTON SANAYİ VE TİCARET A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023**

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

(Convenience translation into english of the consolidated financial statements originally Issued in Turkish)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)**2.1 Basis of presentation (continued)****2.1.4 Consolidation (continued)**Subsidiaries

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

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

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

Current period - (31.12.2023):

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

Prior period - (31.12.2022):

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

KARTONSAN KARTON SANAYİ VE TİCARET A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023**

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

(Convenience translation into english of the consolidated financial statements originally Issued in Turkish)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)**2.1 Basis of presentation (continued)****2.1.5 Significant accounting judgements, estimates and assumptions**

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

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

Deferred tax assets

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

Reduced corporate tax application

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

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

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

KARTONSAN KARTON SANAYİ VE TİCARET A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023**

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

(Convenience translation into english of the consolidated financial statements originally Issued in Turkish)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)**2.1 Basis of presentation (continued)****2.1.5 Significant accounting judgements, estimates and assumptions (continued)**

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

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

2.2 Changes in accounting policies

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

2.3 Changes in accounting estimates and errors

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

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

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

2.4 Summary of significant accounting policies**Offsetting**

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

KARTONSAN KARTON SANAYİ VE TİCARET A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023**

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

(Convenience translation into english of the consolidated financial statements originally Issued in Turkish)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)**2.4 Summary of significant accounting policies (continued)****Revenue recognition**

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

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

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

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

Inventories

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

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

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

KARTONSAN KARTON SANAYİ VE TİCARET A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023**

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

(Convenience translation into english of the consolidated financial statements originally Issued in Turkish)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)**2.4 Summary of significant accounting policies (continued)****Property, plant and equipment**

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

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

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

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

Intangible assets

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

Impairment of assets

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

KARTONSAN KARTON SANAYİ VE TİCARET A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023**

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

(Convenience translation into english of the consolidated financial statements originally Issued in Turkish)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)**2.4 Summary of significant accounting policies (continued)**

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

Leases***Group - as a lessee***

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

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

- (a) The contract includes an identified asset (contract includes a definition of a specified asset explicitly or implicitly),
- (b) A capacity portion of an asset is physically distinct or represents substantially all of the capacity of an asset (if the supplier has a substantive right to substitute the asset and obtain economic benefits from use of the asset, then the asset is not an identified asset),
- (c) Group has the right to obtain substantially all of the economic benefits from use of the identified asset,
- (d) Group has the right to direct the use of an identified asset

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

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

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

KARTONSAN KARTON SANAYİ VE TİCARET A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023**

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

(Convenience translation into english of the consolidated financial statements originally Issued in Turkish)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)**2.4 Summary of significant accounting policies (continued)****Leases (continued)*****Right-of-use asset***

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

- a) The amount of the initial measurement of the lease liability,
- b) Any lease payments made at or before the commencement date, less any lease incentives received,
- c) Any initial direct costs incurred by the Group, and
- d) An estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease (unless those costs are incurred to produce inventories)

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

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

- a) Less any accumulated depreciation and any accumulated impairment losses; and
- b) Adjusted for any remeasurement of the lease liability.

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

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

Lease liability

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted by using the interest rate implicit in the lease, if that rate can be readily determined, or by using the Group's incremental borrowing rate.

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

- a) Fixed payments, less any lease incentives receivable,
- b) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date,
- 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

KARTONSAN KARTON SANAYİ VE TİCARET A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023**

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

(Convenience translation into english of the consolidated financial statements originally Issued in Turkish)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)**2.4 Summary of significant accounting policies (continued)****Leases (continued)*****Lease liability (continued)***

After the commencement date, the Group measures the lease liability by:

- a) Increasing the carrying amount to reflect interest on the lease liability,
- b) Reducing the carrying amount to reflect the lease payments made, and
- c) Remeasuring the carrying amount to reflect any reassessment or lease modifications. The Group recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

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

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

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

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

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

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

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

KARTONSAN KARTON SANAYİ VE TİCARET A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023**

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

(Convenience translation into english of the consolidated financial statements originally Issued in Turkish)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)**2.4 Summary of significant accounting policies (continued)****Leases (continued)*****Lease liability (continued)***

The Group determines the adjusted lease payments for the remaining lease term based on the adjusted contractual payments. In this case, the Group uses an unchanged discount rate.

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

- (a) The restructuring shall extend the scope of the lease by adding the right of use on one or more underlying assets; and
- (b) The increase in the lease amount by the appropriate price adjustment to reflect the price of the increase alone and the terms of the relevant contract.

Foreign currency translation

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

Earnings per share

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

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

Events after the reporting period

Events after the reporting period are those events, favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue. The two types of events are those that provide evidence of conditions that existed at the end of the reporting period (adjusting events); and those that are indicative of conditions that arose after the reporting period (non-adjusting events).

The Group adjusts the amounts recognised in its consolidated financial statements to reflect adjusting events, but it does not adjust those amounts to reflect non-adjusting events (Note 30).

KARTONSAN KARTON SANAYİ VE TİCARET A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023**

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

(Convenience translation into english of the consolidated financial statements originally Issued in Turkish)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)**2.4 Summary of significant accounting policies (continued)****Provisions, contingent liabilities and contingent assets**

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

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

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

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

Related parties

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

Government grants

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

KARTONSAN KARTON SANAYİ VE TİCARET A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023**

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

(Convenience translation into english of the consolidated financial statements originally Issued in Turkish)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)**2.4 Summary of significant accounting policies (continued)****Taxes on income**

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

Current tax

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

Deferred tax

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

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

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

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

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

KARTONSAN KARTON SANAYİ VE TİCARET A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023**

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

(Convenience translation into english of the consolidated financial statements originally Issued in Turkish)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)**2.4 Summary of significant accounting policies (continued)*****Current and deferred tax for the period***

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

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

Offsetting in tax assets and liabilities

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

Provision for employment termination benefits

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

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

Statement of cash flow

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

Investment properties

The Group's investment properties include lands.

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

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

KARTONSAN KARTON SANAYİ VE TİCARET A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023**

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

(Convenience translation into english of the consolidated financial statements originally Issued in Turkish)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)**2.4 Summary of significant accounting policies (continued)****Capital and dividends**

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

Financial instruments**Financial assets**

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

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

a) Financial assets at fair value through profit or loss

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

b) Financial assets at amortized cost

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

c) Financial assets at fair value through other comprehensive income

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

KARTONSAN KARTON SANAYİ VE TİCARET A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023**

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

(Convenience translation into english of the consolidated financial statements originally Issued in Turkish)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)**2.4 Summary of significant accounting policies (continued)****Financial instruments (continued)**

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

Trade receivables

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

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

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

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

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

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

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

KARTONSAN KARTON SANAYİ VE TİCARET A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023**

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

(Convenience translation into english of the consolidated financial statements originally Issued in Turkish)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)**2.4 Summary of significant accounting policies (continued)****Trade receivables (continued)**

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

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

Cash and cash equivalents

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

(ii) Financial liabilities

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

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

a) Financial liabilities at fair value through profit or loss

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

b) Other financial liabilities

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

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

KARTONSAN KARTON SANAYİ VE TİCARET A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023**

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

(Convenience translation into english of the consolidated financial statements originally Issued in Turkish)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)**2.4 Summary of significant accounting policies (continued)****Trade receivables (continued)**

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

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

(iii) Derivative financial instruments

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

2.5 New and Revised Turkish Financial Reporting Standards

The new standards, amendments and interpretations

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

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

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

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

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

KARTONSAN KARTON SANAYİ VE TİCARET A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023**

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

(Convenience translation into english of the consolidated financial statements originally Issued in Turkish)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)**2.5 New and Revised Turkish Financial Reporting Standards (continued)****Amendments to TAS 8 - Definition of Accounting Estimates**

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

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

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

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

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

Standards issued but not yet effective and not early adopted

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

KARTONSAN KARTON SANAYİ VE TİCARET A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023**

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

(Convenience translation into english of the consolidated financial statements originally Issued in Turkish)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)**2.5 New and Revised Turkish Financial Reporting Standards (continued)****Amendment to TAS 1 - Non-current liabilities with covenants**

The standard is effective from annual periods beginning on or after 1 January 2024. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve the information an entity provides related to liabilities subject to these conditions.

Amendments to TAS 7 and TFRS 7 on Supplier finance arrangements

The standard is effective from annual periods beginning on or after 1 January 2024. These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's ("International Accounting Standards Board") response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.

Amendment to TFRS 16 - Leases on sale and leaseback

The standard is effective from annual periods beginning on or after 1 January 2024. These amendments include requirements for sale and leaseback transactions in TFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

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

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

TSRS 2 Climate-related Disclosures

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

NOTE 3 - OPERATING SEGMENTS

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

KARTONSAN KARTON SANAYİ VE TİCARET A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023**

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

(Convenience translation into english of the consolidated financial statements originally Issued in Turkish)

NOTE 4 - CASH AND CASH EQUIVALENTS

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

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

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

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

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

NOTE 5 - RELATED PARTY DISCLOSURES**a) Trade receivables from related parties**

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

b) Prepaid expenses to related parties

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

KARTONSAN KARTON SANAYİ VE TİCARET A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023**

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

(Convenience translation into english of the consolidated financial statements originally Issued in Turkish)

NOTE 5 - RELATED PARTY DISCLOSURES (continued)**c) Trade payables to related parties**

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

d) Other payables to related parties

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

e) Short-term lease liabilities to related parties

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

f) Long-term lease liabilities to related parties

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

g) Sales of goods and services to related parties

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

h) Purchases of goods and services from related parties

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

(*) Includes reflection of legal consultancy services.

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

KARTONSAN KARTON SANAYİ VE TİCARET A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023**

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

(Convenience translation into english of the consolidated financial statements originally Issued in Turkish)

NOTE 5 - RELATED PARTY DISCLOSURES (continued)**g) Key management compensation**

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

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

NOTE 6 - TRADE RECEIVABLES AND PAYABLES

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

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

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

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

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

	31 December 2023	31 December 2022
Beginning of the Period - 1 January	2.027.692	17.870.024
Increases during the period	171.040	123.721
Collections	(66.683)	(8.974.502)
Adjustments for inflation	(797.094)	6.991.551
End of the period - 31 December	1.334.955	2.027.692
b) Trade payables to third parties	31 December 2023	31 December 2022
Suppliers	456.642.125	457.112.480
Notes Payable	6.145.000	12.802.856
Less: Non-accrued financial expense	(3.185.760)	(2.871.412)
Total	459.601.365	467.043.924

KARTONSAN KARTON SANAYİ VE TİCARET A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023**

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

(Convenience translation into english of the consolidated financial statements originally Issued in Turkish)

NOTE 6 - TRADE RECEIVABLES AND PAYABLES (continued)

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

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

NOTE 7 - BORROWINGS**Short-term borrowings from related parties**

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

Long-term borrowings from related parties

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

Short-term borrowings from third parties

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

Long-term borrowings from third parties

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

NOTE 8 - OTHER RECEIVABLES AND PAYABLES

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

a) Short-term other receivables from third parties	31 December 2023	31 December 2022
Tax refunds from tax office	28.681.907	37.252.656
Deposits and guarantees given	347.264	488.733
Due from employees	325.297	144.443
Total	29.354.468	37.885.832
b) Long-term other receivables from third parties	31 December 2023	31 December 2022
Deposits and guarantees given	404.687	146.682
Total	404.687	146.682
c) Other payables to third parties	31 December 2023	31 December 2022
Advances received	16.919.876	37.606.657
Taxes payable	12.295.343	7.964.690
Total	29.215.219	45.571.347

KARTONSAN KARTON SANAYİ VE TİCARET A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023**

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

(Convenience translation into english of the consolidated financial statements originally Issued in Turkish)

NOTE 9 - INVENTORIES

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

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

Movements of provision for impairment on inventories are as follows:

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

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

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

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

NOTE 10 - INVESTMENT PROPERTIES

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

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

KARTONSAN KARTON SANAYİ VE TİCARET A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023**

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

(Convenience translation into english of the consolidated financial statements originally Issued in Turkish)

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT

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

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

KARTONSAN KARTON SANAYİ VE TİCARET A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023**

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

(Convenience translation into english of the consolidated financial statements originally Issued in Turkish)

NOTE 11 - PROPERTY, PLANT AND EQUIPMENT (continued)

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

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

NOTE 12 - RIGHT OF USE ASSETS AND INTANGIBLE ASSETS**Right of Use Assets**

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

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

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

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

Intangible Assets

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

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

KARTONSAN KARTON SANAYİ VE TİCARET A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023**

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

(Convenience translation into english of the consolidated financial statements originally Issued in Turkish)

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

Cost:	Opening balance - 1 January 2022	Additions	Disposals	Closing balance - 31 December 2022
Rights and computer software	70.654.688	2.631.982	-	73.286.671
	70.654.688	2.631.982	-	73.286.671
Accumulated depreciation:	Opening balance - 1 January 2022	Additions	Disposals	Closing balance - 31 December 2022
Rights and computer software	(49.312.142)	(3.414.757)	-	(52.726.899)
	(49.312.142)	(3.414.757)	-	(52.726.899)
Net book value	21.342.546			20.559.772

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

NOTE 13 - GOVERNMENT GRANTS

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

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

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

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

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

KARTONSAN KARTON SANAYİ VE TİCARET A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023**

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

(Convenience translation into english of the consolidated financial statements originally Issued in Turkish)

NOTE 14 - PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**Other short-term provisions**

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

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

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

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

1. The Group has been filed a lawsuit against Istanbul Metropolitan Municipality in the 10th Administrative Court of Istanbul with the merits numbered 2019/16513, with a request for the cancellation of the 1/5000-scaled master plan covering the area where an immovable property owned by the Group located in Sefaköy/Küçükçekmece. The lawsuit is still ongoing. Since no fund and cash outflow from the Group is estimated regarding the lawsuit, the provision has not been allocated in the consolidated financial statements.
2. The Group has been filed a lawsuit against Küçükçekmece Municipality in the 8th Administrative Court of Istanbul with the merits numbered 2022/407, with a request for the cancellation of the 1/1000-scaled master plan covering the area where an immovable property owned by the Group located in Sefaköy/Küçükçekmece. The lawsuit is still ongoing. Since no fund and cash outflow from the Group is estimated regarding the lawsuit, the provision has not been allocated in the consolidated financial statements.
3. In accordance with the decision of the "Turkish Competition Authority" on 24 April 2012 and numbered 12-21/560-158, a prosecution has been initiated against the Group. As a result, a personal exemption has been granted for the Group in accordance with the decision of the Turkish Competition Authority on 8 July 2013 and numbered 13-42/538-238. The aforementioned matter was disclosed by the Group as "Special Circumstances Disclosure" on 10 July 2013. Regarding the decision of the "Turkish Competition Authority" to grant personal exemption, which is a matter in favor of the Group, an action for annulment was filed at the 14th Administrative Court of Ankara by an entity operating in the relevant market, and the lawsuit was dismissed by the relevant court. The decision was reversed by the "Council of State" after the relevant entity appealed to the court to the Council of State. At the end of the lawsuit process regarding the annulment of the decision, it was decided to annul the decision of the Board on 8 July 2013 and numbered 13-42/538-238 in accordance the decision numbered 2024/294 and 2024/386 of the Ankara 14th Administrative Court. In accordance with the announcement made by the Turkish Competition Authority, it has been announced that it has been decided to open a new investigation against the organizations, including our company, with the decision numbered 24-14/284-M in order to ensure that the relevant court decision is fulfilled. Whether the relevant decision of the Turkish Competition Authority will be annulled as a result of the lawsuit, whether the decision of competition authority regarding the decision of the annulment in favor or against the Group and its materiality to the Group and its consolidated financial statements will be determined in accordance with the process of the relevant lawsuit and decision of the Turkish Competition Authority. Since no cash outflow from the Group is estimated regarding the lawsuit, the provision has not been allocated in the consolidated financial statements.

KARTONSAN KARTON SANAYİ VE TİCARET A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023**

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

(Convenience translation into english of the consolidated financial statements originally Issued in Turkish)

NOTE 14 - PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS (continued)**d) Ratio of collaterals, pledges and mortgages to equity**

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

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

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

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

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

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

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

KARTONSAN KARTON SANAYİ VE TİCARET A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023**

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

(Convenience translation into english of the consolidated financial statements originally Issued in Turkish)

GRI 201-3**NOTE 14 - PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS (continued)****e) Insurance coverage of assets**

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

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

NOTE 15 - COMMITMENTS

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

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

NOTE 16 - EMPLOYEE BENEFITS**Due to employee benefits**

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

Short-term provisions for employee benefits

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

KARTONSAN KARTON SANAYİ VE TİCARET A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023**

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

(Convenience translation into english of the consolidated financial statements originally Issued in Turkish)

GRI 201-3**NOTE 16 - EMPLOYEE BENEFITS (continued)**

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

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

Long-term provisions for employee benefits

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

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

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

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

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

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

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

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

KARTONSAN KARTON SANAYİ VE TİCARET A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023**

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

(Convenience translation into english of the consolidated financial statements originally Issued in Turkish)

GRI 201-3**NOTE 16 - EMPLOYEE BENEFITS (continued)**

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

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

NOTE 17 - PREPAID EXPENSES AND OTHER CURRENT ASSETS**a) Short-term prepaid expenses to third parties**

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

* Includes insurance, maintenance and repair and subscription expenses

b) Other current assets from third parties

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

c) Long-term prepaid expenses to third parties

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

KARTONSAN KARTON SANAYİ VE TİCARET A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023**

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

(Convenience translation into english of the consolidated financial statements originally Issued in Turkish)

NOTE 18 - EQUITY**a) Paid- in share capital and adjustment to share capital**

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

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

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

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

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

According to the Group's articles of association

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

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

KARTONSAN KARTON SANAYİ VE TİCARET A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023**

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

(Convenience translation into english of the consolidated financial statements originally Issued in Turkish)

NOTE 18 - EQUITY (continued)**b) Restricted reserves**

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

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

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

c) Dividend distribution

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

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

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

KARTONSAN KARTON SANAYİ VE TİCARET A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023**

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

(Convenience translation into english of the consolidated financial statements originally Issued in Turkish)

NOTE 18 - EQUITY (continued)

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

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

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

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

NOTE 19 - REVENUE AND COST OF SALES

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

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

KARTONSAN KARTON SANAYİ VE TİCARET A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023**

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

(Convenience translation into english of the consolidated financial statements originally Issued in Turkish)

NOTE 20 - GENERAL ADMINISTRATIVE AND MARKETING EXPENSES**a) General administrative expenses**

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

b) Marketing expenses

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

KARTONSAN KARTON SANAYİ VE TİCARET A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023**

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

(Convenience translation into english of the consolidated financial statements originally Issued in Turkish)

NOTE 21 - EXPENSES BY NATURE

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

*Current period depreciation and amortisation charges on property, plant and equipment amounting to TL 221.900.598 (31 December 2022:

TL 237.710.643) included in cost of sales, the portion amounting to TL 45.560.769 included in idle capacity costs, the portion amounting to TL 4.301.305 included in (31 December 2022: TL 5.909.002) marketing expenses and remaining portion amounting to TL 3.272.737 (31 December 2022: TL 3.170.302) is included in general administrative expenses (Note 19 and 20).

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

NOTE 22 - OTHER OPERATING INCOME AND EXPENSES

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

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

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

KARTONSAN KARTON SANAYİ VE TİCARET A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023**

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

(Convenience translation into english of the consolidated financial statements originally Issued in Turkish)

GRI 207-4**NOTE 23 - GAINS AND LOSSES FROM INVESTMENT ACTIVITIES**

	1 January - 31 December 2023	1 January - 31 December 2022
Gains from investment activities		
Foreign exchange gains (Except for trade receivables and payables)	140.960.627	217.833.638
Interest income	28.815.126	81.115.890
Gain on disposal of non-current assets	1.300.397	572.696
Total	171.076.150	299.522.224
Losses from investment activities		
Foreign exchange losses (Except for trade receivables and payables)	(15.347.868)	(21.468.611)
Total	(15.347.868)	(21.468.611)

NOTE 24 - FINANCIAL EXPENSES

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

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

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

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

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

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

a) Corporate tax

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

KARTONSAN KARTON SANAYİ VE TİCARET A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023**

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

(Convenience translation into english of the consolidated financial statements originally Issued in Turkish)

GRI 207-4**NOTE 25 - INCOME TAXES (DEFERRED TAX ASSETS AND LIABILITIES INCLUDED) (continued)****a) Corporate tax (continued)**

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

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

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

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

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

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

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

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

KARTONSAN KARTON SANAYİ VE TİCARET A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023**

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

(Convenience translation into english of the consolidated financial statements originally Issued in Turkish)

GRI 207-4**NOTE 25 - INCOME TAXES (DEFERRED TAX ASSETS AND LIABILITIES INCLUDED) (continued)****a) Corporate tax (continued)**

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

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

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

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

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

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

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

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

KARTONSAN KARTON SANAYİ VE TİCARET A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023**

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

(Convenience translation into english of the consolidated financial statements originally Issued in Turkish)

GRI 207-4**NOTE 25 - INCOME TAXES (DEFERRED TAX ASSETS AND LIABILITIES INCLUDED) (continued)****b) Deferred tax**

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

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

Movements in deferred tax assets are as follows:

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

NOTE 26 - EARNINGS PER SHARE

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

KARTONSAN KARTON SANAYİ VE TİCARET A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023**

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

(Convenience translation into english of the consolidated financial statements originally Issued in Turkish)

NOTE 27 - FINANCIAL INSTRUMENTS**a) Classification of financial instruments**

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

Financial liabilities measured by effective interest method

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

b) Fair value of financial instruments

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

NOTE 28 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS**28.1 Financial risk factors**

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

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

a) Market risk**aa) Currency risk**

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

KARTONSAN KARTON SANAYİ VE TİCARET A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023**

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

(Convenience translation into english of the consolidated financial statements originally Issued in Turkish)

NOTE 28 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (continued)**28.1 Financial risk factors (continued)****aa) Currency risk (continued)**

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

31 December 2023

	TL equivalent (functional currency)	USD	EUR	Other
1. Trade Receivables	101.189.711	91.493	2.999.928	20.752
2a. Monetary Financial Assets	65.534.897	378.407	1.652.383	14.280
2b. Non-Monetary Financial Assets				
3. Other				
4. Total Current Assets (1+2+3)	166.724.608	469.900	4.652.311	35.032
5. Trade Receivables				
6a. Monetary Financial Assets	30.101.891	662.916	325.010	-
6b. Non-Monetary Financial Assets				
7. Other				
8. Total Non-Current Assets (5+6+7)	30.101.891	662.916	325.010	-
9. Total Assets (4+8)	196.826.499	1.132.816	4.977.321	35.032
10. Trade Payables	200.839.995	683.568	5.544.191	3.233
11. Financial Liabilities	-	-	-	-
12a. Other Monetary Liabilities	-	-	-	-
12b. Other Non-Monetary Liabilities				
13. Total Current Liabilities (10+11+12)	200.839.995	683.568	5.544.191	3.233
14. Trade Payables				
15. Financial Liabilities				
16a. Other Monetary Liabilities				
16b. Other Non-Monetary Liabilities				
17. Total Non-Current Liabilities (14+15+16)	-	-	-	-
18. Total Liabilities (13+17)	200.839.995	683.568	5.544.191	3.233
19. Off-Balance Sheet Derivative Instruments Net Asset/(Liability) Position (19a-19b)				
19a. Total Amount of Hedged Assets				
19b. Total Amount of Hedged Liabilities				
20. Net Foreign Exchange Asset/(Liability) Position (9-18+19)	(4.013.496)	449.248	(566.870)	31.799
21. Monetary Items Net Foreign Exchange Asset/(liability) position (1+2a+5+6a-10-11-12a-14-15-16a)	(4.013.496)	449.248	(566.870)	31.799
22. Total Fair Value of Financial Instruments Used for the Foreign Exchange Hedge				
23. The Amount of Hedged part of Foreign Exchange Denominated Assets				
24. The Amount of Hedged part of Foreign Exchange Denominated Liabilities				
25. Export	381.238.811	17.845.598	361.234.705	2.158.508
26. Import	508.365.218	170.848.903	337.516.315	-

KARTONSAN KARTON SANAYİ VE TİCARET A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023**

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

(Convenience translation into english of the consolidated financial statements originally Issued in Turkish)

NOTE 28 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (continued)**28.1 Financial risk factors (continued)****aa) Currency risk (continued)****31 December 2022**

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

KARTONSAN KARTON SANAYİ VE TİCARET A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023**

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

(Convenience translation into english of the consolidated financial statements originally Issued in Turkish)

NOTE 28 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (continued)**28.1 Financial risk factors (continued)**

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

	31 December 2023			
	Profit/(loss)		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
Change in USD against TL by 10%				
1- USD Net Asset/Liability	1.297.683	(1.297.683)	1.297.683	(1.297.683)
2- Hedged portion of USD Risk (-)				
3- USD Net Effect (1+2)	1.297.683	(1.297.683)	1.297.683	(1.297.683)
Change in EUR against TL by 10%				
4- EUR Net Asset/Liability	(1.816.385)	1.816.385	(1.816.385)	1.816.385
5- Hedged portion of EUR Risk (-)				
6- EUR Net Effect (4+5)	(1.816.385)	1.816.385	(1.816.385)	1.816.385
Change in Other currencies against TL by 10%				
7- Other currencies Net Asset/ Liability	117.353	(117.353)	117.353	(117.353)
8- Hedged portion of Other currencies Risk (-)				
9- Other currencies Net Effect (7+8)	117.353	(117.353)	117.353	(117.353)
Total (3+6+9)	(401.349)	401.349	(401.349)	401.349
31 December 2022				
	Profit/(loss)		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
Change in USD against TL by 10%				
1- USD Net Asset/Liability	27.090.103	(27.090.103)	27.090.103	-27.090.103
2- Hedged portion of USD Risk (-)				
3- USD Net Effect (1+2)	27.090.103	(27.090.103)	7.090.103	27.090.103
Change in EUR against TL by 10%				
4- EUR Net Asset/Liability	38.223.188	(38.223.188)	38.223.188	-38.223.188
5- Hedged portion of EUR Risk (-)				
6- EUR Net Effect (4+5)	38.223.188	(38.223.188)	38.223.188	(38.223.188)
Change in Other currencies against TL by 10%				
7- Other currencies Net Asset/ Liability	680.881	(680.881)	680.881	-680.881
8- Hedged portion of Other currencies Risk (-)				
9- Other currencies Net Effect (7+8)	680.881	(680.881)	680.881	(680.881)
Total (3+6+9)	65.994.172	(65.994.172)	65.994.172	(65.994.172)

KARTONSAN KARTON SANAYİ VE TİCARET A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023**

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

(Convenience translation into english of the consolidated financial statements originally Issued in Turkish)

NOTE 28 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (continued)**28.1 Financial risk factors (continued)****a) Interest rate risk**

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

b) Credit risk

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

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

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

KARTONSAN KARTON SANAYİ VE TİCARET A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023**

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

(Convenience translation into english of the consolidated financial statements originally Issued in Turkish)

NOTE 28 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (continued)**28.1 Financial risk factors (continued)**

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

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

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

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

KARTONSAN KARTON SANAYİ VE TİCARET A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023**

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

(Convenience translation into english of the consolidated financial statements originally Issued in Turkish)

NOTE 28 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (continued)**28.1 Financial risk factors (continued)****c) Liquidity risk**

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

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

31 December 2023**Non-derivative financial liabilities**

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

31 December 2022**Non-derivative financial liabilities**

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

KARTONSAN KARTON SANAYİ VE TİCARET A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023**

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

(Convenience translation into english of the consolidated financial statements originally Issued in Turkish)

NOTE 28 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (continued)**28.2 Capital risk management**

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

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

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

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

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

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

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

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

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

KARTONSAN KARTON SANAYİ VE TİCARET A.Ş.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023**

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

(Convenience translation into english of the consolidated financial statements originally Issued in Turkish)

NOTE 30 - EVENTS AFTER THE REPORTING PERIOD

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

- a) In accordance with the "Material events" disclosure on 2 April 2024, it has been decided to increase the registered capital ceiling from TL 100.000.000 (TL 100 million) to TL 5.000.000.000 (TL 5 billion) and to determine the validity period of the authorised registered capital ceiling as 2024-2028. In addition, it has been decided to amend the 6th article of the articles of association, titled "Share capital", due to the procedures of increasing the authorised registered capital ceiling and determining the validity period of registered capital. Therefore, it was decided to submit aforementioned matters to the approval of the shareholders at the first general assembly meeting to be held following obtaining the necessary permissions and approvals.
- b) In accordance with the "Material events" disclosure on 8 March 2024, it was decided to obtain a loan amounting to TL 100.000.000 (TL 100 million) on 8 March 2024, with a maturity of 1 year and with the annual interest rate of 51.19% in order to provide financing for the optimal capital structure of the Group. Furthermore, it was decided to obtain the loan from Asil Holding, our shareholder, and a PAK Group company.
- c) In accordance with the "Material events" disclosure on 5 April 2024, it was decided to obtain a loan amounting to TL 200.000.000 (TL 200 million), with a maturity of 1 year and with the annual interest rate of 53.08% in order to provide financing for the optimal capital structure of the Group. Furthermore, it was decided to obtain the loan from Asil Holding, our shareholder, and a PAK Group company.
- d) In accordance with the "Material events" disclosure on 30 April 2024, at the end of the lawsuit process regarding the annulment of the decision, it was decided to annul the decision of the Board on 8 July 2013 and numbered 13-42/538-238 in accordance the decision numbered 2024/294 and 2024/386 of the Ankara 14th Administrative Court. In accordance with the announcement made by the Turkish Competition Authority, it has been announced that it has been decided to open a new investigation against the organizations, including our company, with the decision numbered 24-14/284-M in order to ensure that the relevant court decision is fulfilled.
- e) In accordance with the "Material events" disclosure on 14 May 2024, it has been decided to halt production activities between 14 May - 20 May 2024 due to extensive maintenance to be carried out on the cardboard production line numbered 1 at the production facility in Başiskele/Kocaeli. As of 21 May 2024, production activities will resume.

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

None.

OTHER INFORMATION AND MATTERS THAT MUST BE EXPLAINED PURSUANT TO THE LEGISLATION

GRI 2-1

1) GENERAL INFORMATION

a) Company's Nature of Business: The Company's business activities include ensuring the manufacturing business in the coated cardboard sector in its factory located in Kullar/Kocaeli and is engaged in the domestic and international trade of the goods which it produces. In addition, the Company provides the electricity and steam which it needs for manufacturing with the natural gas conversion plant within the framework of the "Autoproducer License" it owns and sells the electricity surplus within the framework of the electricity market legislation. While the Company continues its production activities in Kullar/Kocaeli factory yet, the general management, financial affairs, marketing and purchasing activities are carried out in the "Head office" in Gayrettepe/Istanbul. The Company also has a branch in Sefaköy/Istanbul, which it owns and uses as a warehouse.

Head Office:

Prof. Dr. Bülent Tarcan Cad. Engin Pak İş Merk. No: 5 Kat: 3 Gayrettepe/Beşiktaş/İSTANBUL
Tel: 0-212-273 20 00 Fax: 0-212-273 21 70 Web: www.kartonsan.com.tr

Tax Administration: Large Taxpayers

Tax Registration Number: 5260057491

Trade Register Number: 95869/41270 Registered ID Number: 0526005749100010

Kocaeli Factory:

Yaylacık Mahallesi, Karamürsel Caddesi, No: 300 41140 Kullar/Başiskele/Kocaeli
Tel: 0-262-349 61 50 Fax: 0-262- 349 33 00

Trade Register Number: 31662 Registered ID Number: 0526005749100011

Outlet:

Mareşal Fevzi Çakmak Cad. No: 1 Sefaköy/İstanbul
Tel: 0-212 598 95 35 Fax: 0-212- 598 95 36

Paid-in Share Capital:	TL 75,000,000
Paid-in Share Capital:	7,500.000,000 Shares Outstanding
Shares Representing Company's Capital	
Class A Shares:	5,287 Outstanding Shares
Class B Shares:	7,499,994.713 Outstanding Shares

Class A Shares have dividend privilege, but they have no voting right privilege.

b) Organization, shareholding structure, Disclosures regarding the shares within company's share capital, information regarding the management and independent auditor:

The Company's shares consist of bearer shares, and almost all of them are quoted on the stock exchange. Therefore, the ownership structure of the company is presented below in accordance with the statements at the last general meeting, attending the general assembly and/or made on the Public Disclosure Platform ("PDP"). Due to the abovementioned matters, the changes in the ownership structure are not be able to identified by our company.

GRI 2-1

	31 December 2023	Effective Ownership Interest (%)	31 December 2022	Effective Ownership Interest (%)
Pak Holding A.Ş.	25.790.930	34.39	25.790.930	34.39
Asil Holding A.Ş.	18.337.579	24.45	18.337.579	24.45
Pak Gıda Üretim ve Pazarlama A.Ş.	14.468.564	19.29	14.468.564	19.29
Oycan İthalat İhracat ve Ticaret A.Ş.	10.654	0.01	10.654	0.01
Other (Listed shares)	16.392.273	21.86	16.392.273	21.86
Total share capital	75.000.000	100.00	75.000.000	100.00

The Company's paid-in share capital is amounting TL 75,000,000, and it comprise of 7.500,000,000 outstanding shares, each with a nominal value of TL 0,01.

The 5,287 outstanding shares including the abovementioned paid-in share capital comprise of Class A (Preferred) shares. These shares are preferred shares in dividend distribution policies. In accordance with the Company's articles of association numbered 25, after deducting 10% of the paid-in share capital from the net profit for the period which is considered as basis for the calculation of the first dividend, a dividend of 5% is distributed to the shareholders of Class A (Preferred) shares.

The breakdown of number of shares representing the share capital is as follows:

Registered/Bearer Shares	Composition of Outstanding Shares	Class	Number of Shares Outstanding	Total Amount (TL)	Shareholding Ratio (%)
Bearer	Dematerialized Shares	A	5,287	52.87	-
Bearer	Dematerialized Shares	B	7,499,994.713	7,499,947.13	100
Total			7,500,000.000	7,500,000.00	100

In accordance with the Company's articles of association numbered between 8 and 14, there exist regulations regarding the Board of Directors and the Supervisory Board. Necessary disclosures are made in the section titled "Corporate Governance" of the report regarding the structure of the Board of Directors, working principles and the established committees.

Independent Auditor According to the Turkish Commercial Code*

Audit Firm	Position	Beginning of the Term of Office	End of the Term of Office	Date of Reelection
Gürel Yeminli Mali Müşavirlik ve Bağımsız Denetim Hizmetleri A.Ş.	Independent Auditor	01.01.2017	31.12.2023	30.03.2023

*Gürel Yeminli Mali Müşavirlik ve Bağımsız Denetim Hizmetleri Anonim Şirketi is the independent audit firm selected by the Company within the framework of the CMB legislation.

OTHER INFORMATION AND MATTERS THAT MUST BE EXPLAINED PURSUANT TO THE LEGISLATION

c) Information on Associates, ("Joint Ventures") and Subsidiaries included in scope of annual report:

The Company's effective ownership interests and their effective interest structures are as follows:

Selka İç ve Dış Ticaret A.Ş.

PARENT COMPANY	TOTAL AMOUNT OF EFFECTIVE INTEREST	TOTAL OWNERSHIP INTEREST (%)
Kartonsan Karton Sanayi ve Ticaret A.Ş.	1.242.088,75	99.37
Other	7.911,25	0.63
Total	1.250.000,00	100

Dönkasan Dönüştürülen Atık Kağıt San. ve Tic. A.Ş.**

PARENT COMPANY	TOTAL AMOUNT OF EFFECTIVE INTEREST	TOTAL OWNERSHIP INTEREST (%)
Kartonsan Karton Sanayi ve Ticaret A.Ş.	4.000.000	100
Total	4.000.000	100

** Dönkasan Dönüşen Kağ. Ham. San. ve Tic. Anonim Şirketi has been registered as a result of being subject to full demerger on 10 June 2015.

2) MARKET AND FINANCIAL POSITION, ACTIVITIES AND EXPECTATIONS

a) Market Position and Applied Sales Policies:

The Company has been operating in the coated cardboard sector since its establishment in 1967. Kartonsan's main products are coated cardboards made from recycled paper, known in the industry as Dublex (GD) and Triplex (GT). The coated cardboard sector mainly supplies packaging material to the food and pharmaceutical industry. Drugs, detergents, matches, perfumery, textiles, corrugated lamination, stationery packaging, book and notebook containers, glassware and small white goods packages can be counted among the products that people use in daily life and that mostly consists of food products.

The abovementioned explanations have been disclosed in the previous sections of the annual report regarding the sector in which our company operates and the sales policies applied.

b) Applied Investment and Dividend Distribution Policies

Investments intended by the Company mostly include investments for the maintenance of the facilities and factories. In addition, a modernization and expansion was made as an investment in the cardboard production line number 2 (KM 2) in our factory, providing quality improvement and capacity increase in 2014. As a result of the aforementioned investment, Kartonsan has a total production capacity of approximately 240 thousand tons/year.

Kartonsan implements its investments within the scope of an integrated strategy with the aim of reducing the environmental impacts of its production and operations accordingly. Detailed information has been disclosed in the previous sections of the annual report regarding the summary information about the investments made by our company over the years and its future plans.

Our company revised its dividend distribution policy in 2014 and presented to the information and approval of the shareholders at the general assembly meeting on March 27, 2014. The dividend policy is available at our Company's website and PDP. (www.kartonsan.com.tr/yatirimci-iliskileri/Sirket-Kar-Dagitim-Politikasi/2014)

The dividend distribution policy of our Company is to distribute dividends from the distributable profit at the minimum rate stipulated by the Capital Market Law. In periods when the Capital Markets Board does not set a separate rate, the minimum profit distribution rate is determined as 5%. However, this policy is reviewed every year according to the developments in domestic and foreign economic conditions, as well as the investment opportunities and financing opportunities of our company.

Although the Capital Markets Board has lifted the minimum dividend distribution requirement within the framework of the implementation of corporate governance principles, dividends will continue to be distributed by keeping a balance between the possible expectations and growth strategies of our shareholders; unless a contrary decision is considered at the General Assembly.

In this context, the dividend distribution proposal to be made in the current period from the retained earnings which is included as a separate section in the current year's annual report and is presented to the shareholders and the public before the General Assembly.

In accordance with the articles of association of our Company, Class A shares have dividend privileges. In addition, dividends are also distributed to the members of the board of directors if it is decided to distribute the first dividend. After deducting 10% of the paid-in share capital from the distributable profit, which is the basis for the calculation of the first dividend, 5% of the remaining portion is distributed to the holders of Class A shares, and a certain amount to be determined by the General Assembly as dividends to the members of the board of directors.

The Ordinary General Assembly Meeting of our Company for the year ended 2022 was held on March 30, 2023. In accordance with the Ordinary General Assembly Meeting, the secondary cash gross dividend to be distributed is amounting to TL 172,679,832.25 and the dividend was distributed on 5 April 2023.

In order to comply with the Capital Market Law in 2014, our company has decided to revise its "Dividend Distribution Policy" as follows and disclosed it to the public. The dividend distribution policy to be implemented in 2014 and next accounting periods is as follows:

Dividend Distribution Policy

The dividend policy of our company, at the minimum rate stipulated by the Capital Market Law, from the distributable profit, provided that the rights arising from the dividend privilege in the periods when the relevant minimum dividend distribution rate is reserved or is abolished, 5% of the distributable profit found in accordance with the relevant legal regulations for all of the shares representing the capital at the rate of minimum dividend. (Other regulations regarding dividend distribution included in the Company's articles of association and other legal legislation are reserved.)

However, this policy will be reviewed every year according to the developments in domestic and foreign economic conditions, investment opportunities and financing opportunities of our company. Unless a contrary decision is taken in the General Assembly, a balance between the possible expectations and growth strategies of our shareholders will continue to be distributed as a minimum dividend of 5% of the distributable profit determined in accordance with the relevant legal regulations. Within this framework, the dividend distribution proposal to be made from the profit for the period will be included in the annual report as a separate section and will be presented to the information of the shareholders and the public before the General Assembly.

Principles Regarding Calculation, Payment Method and Distribution of Dividends

For the calculation of the dividend from the Company's profit for the period, the dividend calculation has been made in accordance with the Company's articles of association, Company's Dividend Distribution Policy, Capital Market Law, Turkish Commercial Code and the dividend distribution principles and regulations of the Capital Markets Board. Accordingly;

a) As of the date of distribution, the dividend is distributed equally to all existing shares in proportion to their shares, regardless of the dates of issue and acquisition of the shares. (The rights regarding the dividend privileges of Class A shares specified in the company's articles of association are reserved.)

b) It has been adopted as a policy to pay the dividend in cash in a single installment, provided that it is decided at the general assembly meeting, where the distribution is decided. In addition, the General Assembly may decide on the

OTHER INFORMATION AND MATTERS THAT MUST BE EXPLAINED PURSUANT TO THE LEGISLATION

payment of the dividend in installments or in the form of bonus shares, provided that the Capital Market Law, Turkish Commercial Code and Capital Markets Board's principles of dividend distribution and capital increase are complied with, upon the proposal of the Board of Directors.

c) The dividend is calculated according to the Company's articles of association numbered 25 and distributed at the end of the financial period in which at the last general assembly meeting

Company's article of association numbered 25 is as follows:

Article 25- The remaining amount after deducting all expenses, depreciation, paid premiums and bonuses, provisions, taxes and similar financial liabilities and previous years' losses, if any, from the revenues generated by the company from its activities in a balance sheet period constitutes its net profit.

- a) Legal reserve at 5% is allocated until 1/5 of the Paid-in Share Capital is reached.
- b) The first dividend is allocated and distributed from the remaining part in the amount and rate determined by the Capital Markets Board.
- c) After separating the 5% legal reserve fund and the first dividend and being paid in cash, after deducting 10% of the paid-in share capital from the amount based on the calculation of the first dividend;
 - i) To be distributed to 5% Class A bearer shareholders,
 - ii) The remaining portion is allocated to be paid to the members of the board of directors, excluding independent members, the amount to be appreciated by the General Assembly.

The remaining profit after the distribution made according to the above subparagraphs may be distributed partially or completely or allocated as extraordinary reserves or transferred to the following years, upon the proposal of the Board of Directors of the Company, with the decision of the General Assembly.

The provision of subparagraph (c) of paragraph 2 of Article 519 of the Turkish Commercial Code is reserved.

It cannot be decided to distribute dividends to its owners, foundations established for various purposes and persons/ institutions of similar nature unless the reserve funds required to be allocated by law and the first dividend specified in the articles of association are reserved for the shareholders, other reserve funds, profit transfer to the following year and unless the first dividend is paid, members of the Board of Directors, officers, employees and workers, beneficiary/ founder shares and preferred shares.

a) The principles regarding the application of distribution of advance (interim) dividends are as follows:

Parent companies which are willing to distribute advance dividends within the framework of the capital market law must have a provision in their articles of association and the Board of Directors must be authorized to decide on the dividend advance distribution, limited to the relevant accounting period, with the decision of the general assembly.

In the current articles of association of our company, there is no provision regarding the payment of advance dividends. Thus, distribution of advance dividends has not been adopted as a policy by our company.

In the subsequent periods, if there is a change in the Company's articles of association regarding distribution of advance (interim) dividends, the dividend distribution principles are complied with the Turkish Commercial Code and Capital Market Law.

e) The basis of distributable profit is determined within the framework of the Company's articles of association, Capital Market Law and Turkish Commercial Code. Donations are included to the basis of distributable profit within the framework of the relevant regulations.

3) FINANCING SOURCES AND RISK MANAGEMENT POLICIES

The Company does not have a bank loan for financing its sources. The long-term average and the Company's assets are sufficient including its cash generating unit are adequate. Therefore, there is no need for external financing. The Company evaluates its surplus funds as TL and forward foreign currency deposits within its financial system. The probable financial risk of the Company is currency and interest risk. The Company's foreign currency denominated receivables and foreign currency denominated deposits in foreign currency deposit accounts carry risks depending on changes in exchange rates. Since the Company's assets in foreign currency are exceeding its foreign currency denominated payables, an increase in exchange rate will result in favor of the Company, and a decrease in exchange rate will result in disadvantage of the company.

Our Company's Audit Committee and Independent Auditor; Relevant audits are carried out regarding the compliance of the transactions and activities with both legal legislation and company policies. Due to its structure, our Board of Directors also established an Early Detection of Risk Committee in 2013 in accordance with the provisions of the CMB and TCC, and the committee has been operating in accordance with the determined principles since its establishment. Regarding the auditing of our internal control system; In order to visa the "ISO 9001 Quality Management System, ISO 14001 Environmental Management System and ISO 45001 Occupational Health and Safety Management System and ISO 50001 Energy Management System" Quality Certificates, audits are carried out by independent external auditors and any non-conformity determined is reported to the key management personnel of the company.

4) PREDICTIONS AND ESTIMATES REGARDING THE DEVELOPMENT OF THE BUSINESS

Complementing the logistical advantage offered by Turkey's geographical location, with a quality product range and a service understanding focused on customer satisfaction, Kartonsan will continue to be the growing coated cardboard manufacturer of the Eurasian geography.

The previous sections of the annual report included evaluations regarding the goals and expectations of our company.

5) INFORMATION ABOUT THE INDUSTRY IN WHICH THE BUSINESS OPERATES AND KARTONSAN'S POSITION IN THE INDUSTRY

The Company has been operating in the coated cardboard sector since its establishment in 1967. Kartonsan's main products are coated cardboards made from recycled paper, known in the industry as Dublex (GD) and Triplex (GT). The coated cardboard sector mainly supplies packaging material to the food and pharmaceutical industry. Drugs, detergents, matches, perfumery, textiles, corrugated lamination, stationery packaging, book and notebook containers, glassware and small white goods packages can be counted among the products that people use in daily life and that mostly consists of food products.

Kartonsan is the leading coated cardboard producer in Turkey and one of the prominent producers in Europe. Kartonsan is one of the Europe's largest coated cardboard producer with its total production capacity.

Kartonsan pursues its sustainable growth pathway with the quality approach reflecting its rooted experience and strong vision. As an exemplary corporate citizen, Kartonsan operates with the awareness of its responsibilities on the axes of the economy, the environment and the society. Kartonsan was founded in 1967 as the "first" private producer of coated cardboards in Turkey, under challenging market conditions at a time when paper production was a state-controlled business. Kartonsan's products traded within the customer group across the wide geography of Eurasia.

The position of our company in the sector and information regarding the sector has been disclosed in detail in the previous sections of the annual report.

OTHER INFORMATION AND MATTERS THAT MUST BE EXPLAINED PURSUANT TO THE LEGISLATION

6) INVESTMENT DEVELOPMENTS AND GOVERNMENT GRANTS

Investments intended by the Company mostly include investments for the maintenance of the facilities and factories. In addition, a modernization and expansion was made as an investment in the cardboard production line number 2 (KM 2) in our factory, providing quality improvement and capacity increase in 2014. The investment amounting to TL 139,7 million was made within the scope of the investment incentive certificate. As a result of the investment, Kartonsan has become Europe's fourth largest coated cardboard producer with a total production capacity of approximately 240 thousand tons/year. Current investments are made in accordance with the related maintenance of the facility, quality and production capacity increases. The current investments of Kartonsan are related to the maintenance of the factories and increases in quality and efficiency. The maintenance and strengthening operations were realized in the production line building numbered 1 (KM1) between 1 June – 31 October 2023. Since production was halted on the production line numbered 1 between the aforementioned dates, production could not be able to realized accordingly.

Kartonsan has no "Investment Incentive Certificate" during the annual reporting period. The investment period of the B137821 Incentive Certificate on 8 October 2018, which includes the investments realized in 2022 and before, has expired. An application will be made to the T.R. General Directorate of Incentives Implementation and Foreign Direct Investment in April 2023 for the investment incentive certificate. The total amount of tax allowance (Corporate Tax) that Kartonsan can be entitled in the subsequent periods regarding the Investment Incentive Certificates is amounting to TL 105,823,851 as of 31 December 2023.

7) QUALIFICATIONS OF THE FACTORY PRODUCTION UNITS, CAPACITY UTILIZATION RATIOS AND COMPARISON WITH THE PRIOR PERIOD

The Company produces glossy cardboard and the electrical energy required for the facility in its factory located in Kullar /Kocaeli, within the framework of the electricity generation license. The estimated annual production capacity of coated cardboard of the company is calculated as approximately 240,000-Tons / year. (31 December 2022: 240,000-Tons/Year) The production and sales volume for the year 2023 and 2022 are presented as follows. As of 31 December 2023, it has been estimated that the net capacity utilization rate is approximately 49% (31 December 2022: 89%).

The production activities could not be realized on all production lines due to the strike of unionized employee between 22 December 2022 – 10 April 2023, and on the cardboard production line numbered 1 due to the maintenance and strengthening operations realized in the production line building numbered (KM 1) between 1 June – 31 October 2023.

The net production volume output of Kartonsan is as follows:

	31 December 2023	31 December 2022
Coated Cardboard (Tons)	118.320	212.461
Electricity Generation (10 ³ kWh)	85.205	133.063

8) DISCLOSURES REGARDING CONSOLIDATED SALES

Kartonsan's consolidated net sales volume for the years ended 2023 and 2022 is compared as follows:

	31 December 2023	31 December 2022
Sales Volume		
Coated Cardboard (Tons)	134.930	219.532
Electricity Generation (10 ³ kWh)	10.815	18.755
Scrap Paper Sales (Tons)	11.204	6.284

In 2022, our consolidated net revenue subject to inflation accounting was amounting to TL 7.041.202.307, while our consolidated net revenue in 2023 was amounting to TL 2.480.406.498.

9) FINANCIAL RATIO ANALYSIS OF THE CONSOLIDATED FINANCIAL STATEMENTS

LIQUIDITY RATIO		31.12.2023	31.12.2022
Current Ratio	Current Assets / Current Liabilities	1.93	4.04
Acid test Ratio	(Current Assets-Inventories) / Current Liabilities	0.88	2.08
Inventories/Current Asset	Inventories / Current Assets	0.54	0.48
Working Capital Ratio	Current Assets (Excluding Cash and Treasury Notes) – Current Liabilities (Excluding Loans)	400.394.519	1.066.297.848
Cash Ratio		1.18	4.93
Current Ratio	(Cash and Cash Equivalents) / Current Liabilities	0.18	1.12
CAPITAL STRUCTURE RATIO			
Financial Leverage	(Debt) / Shareholders Equity	0.21	0.19
Total Debt to Equity Ratio		0.26	0.24
Current Debt to Equity Ratio		0.22	0.17
Non-Current Debts to Equity Ratio		0.04	0.07
Non-Current Assets to Equity Ratio		0.83	0.56
Liabilities to Equity Ratio		0.00	0.00
PROFITABILITY RATIO			
Asset Turnover Ratio	Net Sales / Total Assets	0.82	1.60
Gross Profit Margin	Gross Sales Profit / Net Sales	(0.19)	0.21
Return on Investment (ROI)	Net Profit / Total Assets	(0.28)	0.13
Net Profit / Net Sales		(0.34)	0.08
Profit Before Tax / Net Sales		(0.45)	0.14
Net Profit / Equity		(0.36)	0.16
Operating Profit / Sales Revenue		(0.33)	0.19
Earnings Per Share		(11.28)	7.16
Cash and Cash Equivalents		95.114.223	625.235.359
Financial Liabilities		7.650.295	8.304.348
Net Financial Position		87.463.928	616.931.011
Trade Receivables		235.597.294	337.331.919
Other Receivables		29.759.155	38.032.514
Inventories		558.194.356	1.086.458.628
Trade Payables		459.753.877	467.180.725
Other Payables		50.624.225	60.229.172

10) DISCLOSURES REGARDING CHANGES IN KEY MANAGEMENT PERSONNEL DURING THE PERIOD

There was no change incurred in key management personnel during the period. The related disclosure regarding General Manager of our Company is as follows:

Haluk İBER- Board Member and General Manager

He was born on 15.07.1959. He has a bachelor's degree from ITU Chemical Engineering Department and a master's degree from the University of Maine. He started his business life in 1987 at Seka A.Ş. He worked at various levels of our company between 1991-2002. He served as the Deputy General Manager of our Company between 2002-2012. He has been working as the General Manager of our company since 01.10.2012. He is still in the position as a Board Member of our Company, for which he was elected in 2005. In addition, he is the Board Member in the subsidiaries of the Kartonsan which are Selka İç ve Dış Ticaret A.Ş. and Dönkasan Dönüştürülen Atık Kağıt San. ve Tic A.Ş.

OTHER INFORMATION AND MATTERS THAT MUST BE EXPLAINED PURSUANT TO THE LEGISLATION

GRI 2-30, 407-1

11) STAFF AND LABOR UNION MOVEMENTS, COLLECTIVE BARGAINING PRACTICES, EMPLOYEE RIGHTS AND BENEFITS PROVIDED TO PERSONNEL AND WORKERS:

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

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 during the period. The agreement could not be reached as a result of the negotiations with the authorized labor union to make a contract for a new 2-year period (01.09.2022-31.08.2024). Accordingly, the strike was implemented by unionized employees at the relevant production facility between 22.12.2022 and 08.04.2023. The strike was realized simultaneously in our factory in Başiskele/Kocaeli and cardboard production activity could not be implemented between the aforementioned dates. As a result of the abovementioned process, a collective bargaining agreement was signed for a 2-year period (01.09.2022-31.08.2024) as of 08.04.2023 and the strike ended. As of 10 April 2023, production activities have been restarted in the relevant factory.

12) DISCLOSURES REGARDING THE GRANTS AND DONATIONS DURING THE PERIOD:

The Company has made financial support to associations, foundations and schools operating in the fields of sports, education and culture. In accordance with the annual general assembly in 2023, the annual donation limit was determined as amounting to TL 2,000,000 (2022: TL 750,000).

The details of grants and donations realized in 2023 are as follows, provided that they are expressed in historical costs, not subject to inflation accounting.

Grants and donations (TL)	31.12.2023	31.12.2022
Donations to associations and foundations (for educational, sports and social purposes)	30.511,00	233.283,21
Donations to Other Institutions and Organizations	1.000.000,00	119.675,70
Total	1.030.511,00	352.958,91

13) DISCLOSURES ON MAIN ELEMENTS OF THE GROUP'S INTERNAL AUDIT AND RISK MANAGEMENT SYSTEMS:

Relevant audits are conducted regarding the compliance of the transactions and activities carried out by the Audit Committee and the Independent Auditor of our Company with both legal regulations and company policies.

Kartonsan has been established an Early Detection of Risk Committee beginning from 2013. The committee includes 3 members, and the committee chairman is elected from among the independent board members. The Board of Directors organizes the committee every period and reorganizes the committee depending on the elections of the members. The committee works within the framework of the determined duties in accordance with the rules and principles. The committee presents its report to the board of directors at the end of the period.

Other Committees of the Company, except the Early Detection of Risk Committee, conducts meetings at the head office at least once every three months, at least four times a year. The Early Detection of Risk Committee can conduct meetings as often as required by its duties and responsibilities. The Early Detection of Risk Committee convened 6 times in 2023 and presented its report to the Board of Directors. The related disclosures included in notes to the consolidated financial statements in the previous sections of the report regarding financial risks. The Early Detection of Risk Committee presented its report for 2023 to the Board of Directors.

GRI 403-1

In addition, our Company has been established and applied internal control systems. Regarding the auditing of our internal control system, audits are conducted by independent external auditors in order to visa the quality certificates of ISO 9001 Quality Management System, ISO 14001 Environmental Management System, ISO 50001 Energy Management System and OHSAS 18001 Occupational Health and Safety Management System, and the detected material uncertainties and non-conformities reported to the Company management. The related policies and procedures have been applied for the solutions through multidirectional communication mechanism within the Company.

The Board of Directors implemented the establishment of a risk management system, periodic auditing and continuous improvement of the internal control system. The Company management does not prefer and intentionally provide information about the results of the internal controls in the annual reports. Therefore, the results of the internal controls are not disclosed in the interim and annual reports.

The Board of Directors has been determined the strategic goals of the Company in the prior period and the human and financial resources required to achieve these goals. The Board of Directors has been evaluated and tested for the whether these goals have been achieved (monthly, quarterly and annually).

The Board of Directors has adopted the principle of conducting its activities in a transparent, accountable, fair and responsible manner and implements its activities accordingly.

The Board of Directors of our company observes the compliance with the legislation, articles of association, internal regulations and established policies in all of its transactions.

14) DISCLOSURES REGARDING RESEARCH AND DEVELOPMENT ACTIVITIES

Research and development activities are implemented in our company for testing and improving our product quality.

15) AMENDMENTS TO THE ARTICLES OF ASSOCIATION AND ITS REASONS DURING THE PERIOD

None.

16) RELATED PARTY TRANSACTIONS

Transactions with related parties are disclosed in detail in Note 5 of the notes to the consolidated financial statements section of the annual report. The report related to the subsidiaries, associates and joint ventures are prepared in accordance with the article 199 of the Turkish Commercial Code in the following sections.

17) INFORMATION REGARDING DISCLOSURE POLICY

In order to comply with the and amendments in the Capital Market Law, the disclosure policy was revised in 2014 and disclosed to the public within the framework of the Communiqué No. II-15.1 of the Capital Markets Board.

The disclosure policy for the year ended 2014 and subsequent periods is as follows:

OTHER INFORMATION AND MATTERS THAT MUST BE EXPLAINED PURSUANT TO THE LEGISLATION

GRI 2-9

DISCLOSURE POLICY

Objectives and Strategic Goals of the Company

Our Company expresses the value of the capital market instruments it issues and does not cause inequality of opportunity between our company and its stakeholders, is not confidential and / or does in scope of the concept of trade secret, as well as disclosure and information stipulated by the legal legislation, in accordance with the essence of corporate governance principles, to stakeholders. The Company aims to inform stakeholders in a timely, accurate and complete manner on fair, including timely, accurate, complete, understandable, easy-to-analyze and easily accessible financial and non-financial information about the company's past performance and future expectations without disturbing the equality of opportunity.

I- METHODS AND INSTRUMENTS USED IN DISCLOSURE POLICY

Without prejudice to the Capital Market Law and TCC provisions, the basic instruments and methods used by our Company regarding disclosure policy are as follows:

- a. Material event disclosures to the Public Disclosure Platform ("PDP"),
- b. Periodic financial reports and financial statements to the Public Disclosure Platform ("PDP"),
- c. Announcements and necessary statements have been made through the Official Gazette, Turkish Trade Registry Gazette, Daily Newspapers and Magazines distributed throughout Turkey,
- d. Press releases and interviews have been made through print and visual media,
- e. Meetings with stakeholders, and sharing the information through phone calls and other communication tools
- f. Corporate Website, Annual Reports, General Assembly Documents, General Assembly Meetings, Telephone, Electronic Mail ("e-mail"), Fax, SMS and Mobile Phone, etc. and other communication tools.

II-PRINCIPLES REGARDING MATERIAL EVENT AND PUBLIC EVENT DISCLOSURES

The Company complies with the rules and legislation determined by the Capital Market Law in public disclosure of material events.

Material events, within the rules determined by the Capital Market Law and on the condition that exceptions are reserved, are conducted by making material event disclosures to the Public Disclosure Platform ("PDP") in order to provide quick access to information as soon as it incurred, without causing inequality of opportunity, by avoiding correct, direct, understandable, exaggerated or misleading expressions of the stakeholders.

Internal company data and information with changes in matters previously disclosed to the public regarding this information are disclosed to the public when they occur or become available. In accordance with the regulations of the Capital Market Law, the Company may postpone the disclosure of internal data and information to the public, provided that its legitimate interests are not harmed, investors are not deceived or harmed, and the confidentiality of internal data and information is ensured. If the company decides to postpone the public disclosure of internal data and information, the information delay, the effect of the postponement on the protection of the legal rights of the parent company, does not constitute the risk of misleading the investors, and the measures taken to protect the confidentiality of the information during the postponement are bound to the decision of the Board of Directors or, if authorized by the Board of Directors, to the written approval of the authorized person.

The Company notifies the Central Registry Agency (CRA) about the individuals who work under a business contract or otherwise and have access to internal information and data. In case of any change in the abovementioned information, the Company will make the necessary update within 2 business days. The Company discloses the list of the aforementioned persons and individuals to the public on its corporate website.

GRI 2-9

Disclosures of material events have been announced to the public by being jointly signed by at least 2 managers who have electronic signature authorized by our Company's Board of Directors. The related disclosures are published on the corporate website of our company on the business day following the day of the disclosure of the announcement. Material Event Disclosures are kept on the website for at least 5 years for the use of stakeholders.

Developments and changes occurring in previously made Material Event Disclosures are constantly updated and announced to the public. If there is no development on a matter that was previously announced to the public through a Material Event Disclosures and has not yet been finalized, the matter is disclosed to the public within sixty days from the date of the latest Material Event Disclosure, together with its justifications.

As soon as the disclosures have been informed or realized in order to ensure confidentiality until the public disclosure of material events, it is essential that it has been made immediately, except for the limitations in the legislation. However, necessary security measures have been considered to prevent individuals who are not included in the list of access to internal information and data from accessing such disclosures. In order to ensure confidentiality, accessing to physical and electronic files of such information and documents is restricted and encrypted. Regarding those who have access to internal information and data, it is ensured that it is aware of its obligations under the law and the relevant legislation, and the misuse of this information and the sanctions for providing unfair advantage.

III- PRINCIPLES REGARDING EXTRAORDINARY PRICE AND QUANTITY MOVEMENTS REGARDING ISSUED SHARE CAPITAL MARKET INSTRUMENTS AND VERIFICATION OF NEWS AND RUMORS REGARDING THE ISSUED SHARE CAPITAL MARKET INSTRUMENTS

When there are changes in the price and transaction volumes of the capital market instruments that the company issues that cannot be explained by market conditions, The Company has been made a Material Event Disclosure upon Borsa İstanbul Anonim Şirketi's request and indicates that whether there are any material events not yet disclosed to the public within the framework of the Capital Market Law, if any.

Regarding the issued capital market instruments, the existence of news or rumors that have significant material influence on the value and price of the market instruments or the investment decisions of the investors, which are initially announced to the public through media organs or other communication tools or with a content different from the information previously announced to the public, and if they are informed by the Company, the related disclosure has been made within the framework of the Capital Market Law. Interpretations, analyses, evaluations and predictions realized about the company based on information not disclosed to the public are not evaluated within this scope.

In accordance with the news and rumors about the company published in press organs or websites, the investor relations department of the Company evaluates the news and rumors according to the degree of significance specified in the law, as soon as they have been informed about the related information. As a result of the aforementioned evaluations, if the Company is indicated that a Material Event Disclosure is required, the Company management has been informed and Material Event Disclosure has been made to the public accordingly.

IV- PRINCIPLES REGARDING PUBLIC DISCLOSURE OF FUTURE EVALUATIONS

Future evaluations and information related public disclosures can be made provided that the authorized person obtains written consent that the decision of the Company's Board of Directors or authorized by the Board of Directors. The related future evaluations of the Company are disclosed by the Company management at most 4 times a year. The aforementioned disclosure can also be made through the annual reports announced within the framework of the regulations of the Capital Markets Board on financial statements or the presentations on informing the investors, provided that they are disclosed on the Public Disclosure Platform ("PDP"). When a significant change incurred in the future evaluations which are disclosed, or there is a significant difference between the matters that previously disclosed

OTHER INFORMATION AND MATTERS THAT MUST BE EXPLAINED PURSUANT TO THE LEGISLATION

GRI 2-9

and the realizations, an additional necessary explanation is disclosed within the framework of the Capital Market Legislation, including the reasons related comparison difference. The annual reports and announcements prepared within the scope of the article are also published on the Company's corporate website on the first business day following the commencement date of the announcement.

In cases where matters subject to material event disclosures, including prospective evaluations, are disclosed through media organs or other communication tools, prior or simultaneously with this announcement, if the matters are announced inadvertently at a public meeting, a statement has been made immediately on the Public Disclosure Platform (PDP).

Without prejudice to the regulations of the Capital Markets Board on behalf of our Company, Board Members, General Manager and Deputy General Managers can individually declare statements and interviews to newspapers and magazines to inform the public.

V- PUBLIC DISCLOSURE OF KEY MANAGEMENT PERSONNEL AND THEIR RELATED TRANSACTIONS

Key management personnel according to the Capital Market Law are as follows:

- a) Company Board Members
- b) Legal persons who, although not a member of the Board of Directors, have direct or indirect access to internal data and information and are authorized to make administrative decisions affecting the future development and commercial objectives of the Company,
- c) Legal persons that have close relations with persons that have administrative responsibility ("closely associated persons"),
 - c1) The spouse, children of the person with administrative responsibility and the person who has administrative responsibility and the persons who resided in the same house during the period of the transaction,
 - c2) Legal persons, institutions, organizations and partnerships that have administrative responsibilities by persons with administrative responsibilities or persons listed in the article c1 or that are directly or indirectly controlled by these persons or established for their benefit or whose economic interests are essentially the same as those persons' economic interests,
 - c3) Members of the Board of Directors of the Company's subsidiaries, which constitute 10% or more of the total assets in the last annual financial statement prepared in accordance with the Capital Markets Law, and who has regular access to internal data and information directly or indirectly, and persons who are empowered to make administrative decisions that affect their business aims and objectives.

Persons with administrative responsibility for the capital market instruments issued by our Company are determined in accordance with to the aforementioned principles.

In accordance with the framework of the Capital Market Law and related regulations, all transactions carried out by persons with administrative responsibility and closely associated persons and the parent company regarding shares representing the capital and other capital market instruments based on these shares if the total amount of the transactions made to the account of each person with administrative responsibility reaches the amount specified in the Communiqués of the Capital Markets Board within a calendar year, it is disclosed to the public by the person making the transaction. The total amount of the transactions has been calculated by adding all the transactions performed by the persons with administrative responsibility and closely associated persons.

All transactions exceeding the amount specified in the Communiqués of the Capital Markets Board, to be carried out by persons with administrative responsibilities and closely associated persons, as well as shares representing the capital and other capital market instruments based on these shares, disclosed at least 1 business day before each transaction, without specifying the sales amount separately from the post-sale announcement.

VI- MATTERS REGARDING TO THE GENERAL ASSEMBLY MEETINGS AND DISCLOSURE OF INFORMATION ABOUT THE ISSUE OF CAPITAL MARKET INSTRUMENTS

Within the General Assembly Meetings and notifications and explanations regarding the issuance of Capital Market instruments, the Company complies with the announcement periods specified in the Company's articles of association, the Internal Directive of the Company's General Assembly, the Commercial Code and the Capital Market Law and the minimum requirements to be disclosed. The abovementioned information and documents are announced separately on the corporate website of the Company.

VII- INVESTOR MEETINGS AND OTHER MATTERS

The basic principle of our Company to disclose the information that is not in the nature of trade secrets and disclosed to the public other than those determined by the legislation, in a timely, accurate, complete, understandable, interpretable, easily accessible and equal manner to all our Shareholders and the persons and organizations that will benefit from the disclosures.

The financial statements and notes to the financial statements are prepared in accordance with the current legal legislation, present the financial position and trends of our Company, and disclosed after being audited independently in the periods stipulated by the legislation.

The annual report is prepared in accordance with including the minimum information determined by the legislation and parallel to the public can access all kinds of information about the Company's nature of business and its activities. These reports are also disclosed to the Public Disclosure Platform (PDP) and on the corporate website of the company, and are presented to the information of investors.

Our annual report is prepared by our General Manager and our Department Manager who is responsible for the preparation of financial statements and reports. Our annual report is approved by our Board of Directors and includes the statement that the financial statements fully reflect the financial position of the Company and that the Company fully complies with the relevant legislation.

Information requests from stakeholders that have not yet been disclosed and that creates the equality of opportunity between stakeholders related to our company are excluded from the evaluation. Except for the aforementioned matter, the detailed information regarding the information related to public disclosure is shared with our shareholders, who eagerly requested through any communication tools with any channels.

The website of our Company includes updated data and information about the company, and the related and documents that investors need are published under the link "Investor Relations". In order to ensure the relationship between the Company and its stakeholders, investor relations department has been established, and stakeholders are informed through this department. Meeting requests presented to the aforementioned department and requesting information are informed to the Company management and investor meetings are conducted after determining the appropriate meeting schedule.

Information meetings, general assembly meetings, annual reports, announcements made in newspapers and magazines made by the Company management, material event disclosures, public presentations and reports, the Company's articles of association, the Company's additional methods included in General Assembly Internal Directive, the Commercial Code and the Capital Market Legislation announced on the corporate website of the Company.

OTHER INFORMATION AND MATTERS THAT MUST BE EXPLAINED PURSUANT TO THE LEGISLATION

18) CORPORATE GOVERNANCE

a) Corporate Governance Principles Compliance Statement

Kartonsan tries to apply the principles included in the "Corporate Governance Principles" within the framework of the current market and shareholding structure.

Our Company considers the "Corporate Governance Principles" in a positive manner both for the Company and its shareholders. Adoption of "Corporate Governance Principles" is considered to create significant opportunities such as low capital cost, increase in funding opportunities and liquidity, increase in brand image of the Company, and increase the interest of domestic and foreign investors. Corporate governance principles will create a more transparent management where shareholders can exercise their rights more easily and within a structure that they have more information. This matter will become a preference for shareholders.

Our Company has achieved full compliance with the principles that are mandatory basis for the implementation by the Capital Market Law. The Company has no principle that is mandatory but not implemented. The Company has no principle exempted within the scope of Article 6 of the Corporate Governance Communiqué numbered II-17.1. In addition, the implementation of non-compulsory corporate governance principles that will not affect the competitive power of our company, trade secrets and information that will cause inequality of opportunity among the partners is accepted as a principle. Every year, compliance on corporate governance has been evaluated by the Corporate Governance Committee and the related principles are reviewed.

In accordance with the Capital Markets Board Decision on 10 January 2020 and numbered 2/49, it has been decided that the Corporate Governance Compliance Reporting is made in accordance with the Corporate Governance Communiqué numbered II-17.1 on the Public Disclosure Platform by using the Corporate Governance Compliance Report (CGC) and the "Corporate Governance Information Form" ("CGIF") templates.

The "Corporate Governance Compliance Report" ("CGC") of our company as of and for the year ended 2023 and the Corporate Governance Information Form (CGIF), which includes updated information on corporate governance practices in our company, is available at "<https://www.kap.org.tr/tr/sirket-bilgileri/ozet/997-Kartonsan-karton-sanayi-ve-ticaret-a-s>".

b) Activities of Investor Relations Department

While the relations of our company with the shareholders were conducted by the Financial Affairs Department before 2009, the "Shareholder Relations Department" ("Investor Relations Department") was established in 2009 under the Financial Affairs Department. The related breakdown of communication structure and necessary information of the investor relations department is as follows:

The Investor relations department consists of 2 personnel including 1 manager and 1 staff member, and works under the Corporate Governance Committee. Investor relations department manager has also started to work as a member of the Corporate Governance Committee since 28 March 2014.

Name/ Surname	Position	Phone and Fax Number	E-mail	Address
Hatice KAYA	Investor Relations Staff Member	Tel: 0-212-2732000 (extension number: 309) Fax: 0-212-273 21 64	hatice.kaya@kartonsan.com.tr	Prof. Dr. Bülent Tarcan Cad. Engin Pak İş Merk. No: 5 K: 3 Gayrettepe/ Beşiktaş/İstanbul
Bülent YILMAZ	Investor Relations Department Manager	Tel: 0-212-2732000 (extension number: 302) Fax: 0-212-273 21 64	Bulent.yilmaz@kartonsan.com.tr	Prof. Dr. Bülent Tarcan Cad. Engin Pak İş Merk. No: 5 K: 3 Gayrettepe/ Beşiktaş/İstanbul

Investor relations department manager Bülent YILMAZ has Capital Market Activities Level 3 License (Capital Market Advanced Level License) and Corporate Governance Rating Specialist License.

Investor relations department continued to work on informing the shareholders, implementing practices to exercise of rights by the shareholders, holding the general assembly meeting and announcements regarding the principles of public disclosure in 2023. The "Investor Relations Department Annual Report 2022" prepared in accordance with the activities carried out in 2021 was presented to the Board of Directors on 3 February 2023. The "Investor Relations Department Annual Report 2023" prepared in accordance with the activities carried out in 2023 was presented to the Board of Directors on 25 March 2024.

In accordance with Kartonsan's information policy disclosure, the investor relations department conducts its activities to inform the relevant stakeholders in a timely, accurate and complete manner without disrupting the equality of opportunity among themselves on non-existent information and provides the value of the financial and non-financial information and does not cause inequality of opportunity between our company and its stakeholders, is not confidential and/or does in scope of the concept of trade secret, as well as disclosure and information stipulated by the legal legislation, in accordance with the essence of corporate governance principles, to stakeholders.

Accordingly for this purpose, in order to ensure that the stakeholders of our company to obtain information about all kinds of issues and questions related to the company, the contact information of the investor relations department has been presented on the company's website under "Annual Reports" and "Public Disclosure Platform".

Telephone, e-mail and fax communication channels have been established for all information requests of stakeholders within our company.

In 2023, 89 questions were received by the investor relations department via e-mail and phone communication channels. If the written or oral questions asked by the investors to our department are related to matters that have not yet been disclosed in accordance with the legislation of the Capital Markets Board and the question is not answered by specifying its justification, but within the framework of publicly disclosed information, shareholders were informed about their questions. The investor relations department has not been answered the questions and interpretations regarding the stock prices and future predictions of our company, which are not directly related to our company. Incoming questions were answered orally and by e-mail as permitted by the legislation to the extent that the questions are relevant to our company.

The breakdown of the content of the questions is as follows:

Requested Information	Number of Questions	Ratio (%)
Financial Statements, Operations and Nature of Business	74	84%
Increase and Decrease in Stock Prices	11	12%
General Assembly and Voting Rights	2	2%
Other	2	2%
Total	89	100%

In accordance with the aforementioned statement, significant part of the questions were related to stock prices. The remaining questions are about the financial statements and dividend distribution.

Kartonsan recommends that investors that have low level financial literacy need support from investment advisors from brokerage and intermediate houses where they have investment accounts so that they are not adversely affected by such fluctuating price movements during periods of extraordinary increases or decreases in stock prices.

If the written or oral questions asked by the investors to our department are related to matters that have not yet been disclosed in accordance with the legislation of the Capital Markets Board and the question is not answered by specifying its justification, but within the framework of publicly disclosed information, shareholders were informed about their questions.

Material event disclosures presented on the Public Disclosure Platform ("PDP") are used as a general information method, and material event disclosures are also published and announced on our website, on the online company platform of the Central Registry Agency (CRA). As of 31 December 2023, a total number of 39 Material Event Disclosures and notification of exercise of right of use were made by our company.

OTHER INFORMATION AND MATTERS THAT MUST BE EXPLAINED PURSUANT TO THE LEGISLATION

c) Exercise of Rights and Obligations of Shareholders

Kartonsan has been established and disclosed a "Disclosure Policy" in accordance with the Capital Market Law. The related policy is available at PDP (Public Disclosure Platform: "<https://www.kap.org.tr/tr/sirket-bilgileri/ozet/997-kartonsan-karton-sanayi-ve-ticaret-as>") and in our company's website <http://kartonsan.com.tr/tr/page.php?id=41>. Our Company expresses the value of the capital market instruments it issues and does not cause inequality of opportunity between our company and its stakeholders, is not confidential and / or does in scope of the concept of trade secret, as well as disclosure and information stipulated by the legal legislation, in accordance with the essence of corporate governance principles, to stakeholders. The Company aims to inform stakeholders in a timely, accurate and complete manner on fair, including timely, accurate, complete, understandable, easy-to-analyze and easily accessible financial and non-financial information about the company's past performance and future expectations without disturbing the equality of opportunity.

The basic principle of our Company to disclose the information that is not in the nature of trade secrets and disclosed to the public other than those determined by the legislation, in a timely, accurate, complete, understandable, interpretable, easily accessible and equal manner to all our shareholders and the persons and organizations that will benefit from the disclosures.

Information requests from stakeholders that have not yet been disclosed and that creates the equality of opportunity between stakeholders related to our company are excluded from the evaluation. Except for the aforementioned matter, the detailed information regarding the information related to public disclosure is shared with our shareholders, who eagerly requested through any communication tools with any channels.

The website of our Company includes updated data and information about the company, and the related and documents that investors need are published under the link "Investor Relations". In order to ensure the relationship between the Company and its stakeholders, investor relations department has been established, and stakeholders are informed through this department. Meeting requests presented to the aforementioned department and requesting information are informed to the Company management and investor meetings are conducted after determining the appropriate meeting schedule.

Information meetings, general assembly meetings, annual reports, announcements made in newspapers and magazines made by the Company management, material event disclosures, public presentations and reports, the Company's articles of association, the Company's additional methods included in "General Assembly Internal Directive", the "Commercial Code" and the "Capital Market Legislation" announced on the corporate website of the Company. Every shareholder has exercise of right to information in our company. The exercise of right to information is not abolished or restricted in our company's articles of association or by the decision of any of our company bodies. Within the framework of our Company's exercise of right to information, all requests for information other than those that may cause inequality of opportunity among the shareholders and undisclosed information requests in accordance with the Capital Market Law are answered and shareholders are informed. This information is provided by our company's investor relations department. The decisions that may affect the use of shareholders' rights are announced on the website of the company.

There is no provision in the articles of association of our company that allows each shareholder to request a special audit individually to examine certain events or to request an individual request from the general assembly even if it is not included in the agenda. In cases where there are no provisions in the company's articles of association, the provisions of the Turkish Commercial Code and Capital Market Law are applied. Our company is subject to an independent audit every year within the framework of the Capital Market Law and Tax Laws. Our company has no decision and articles of association that prevent the use of shareholder rights (rights that do not contradict with the legislation and do not cause information inequality among shareholders). In this context, using the individual Special Audit right is not deemed necessary considering the targeted benefits and cost factors to the company. However, the written application of the majority of the shareholders to the company, an agenda item can be created for discussion at the general assembly and the right to have a special audit can be exercised provided that a decision is made at the general assembly.

d) General Assembly Meetings

The “Ordinary General Assembly Meeting” of our Company as of for the year ended 2023 was held simultaneously in electronic and physical environment on 30 March 2023 regarding the operations for the year 2022. Media has not been attended physically to the General Assembly Meeting. Other shareholders and stakeholders also attended the general assembly except for the controlling ownership interest of the corporate governance and managerial body.

At the “General Assembly Meeting”, the total nominal amount of TL 75,000,000 representing 818,900 outstanding shares with a total nominal amount of TL 8,189 representing in person and the total nominal amount of TL 59,543,601.81 representing 5,955,179,081 outstanding shares with a total nominal amount of TL 59,551,790.81 representing through their representatives. The General Assembly Meeting was held both physically and electronically with a majority of 79.40%. The General Assembly Meeting held for 2023 has not specified meeting quorum and therefore, provisions of Turkish Commercial Code have been implemented at the General Assembly Meeting.

The announcements regarding the General Assembly on 30 March 2023 announced in the Official Gazette dated 7 March 2023 and numbered 10784, Milliyet and Dünya newspapers published on 7 March 2023 page numbered 396 on the Kartonsan's website at www.kartonsan.com.tr, on the Public Disclosure Platform (PDP) on 4 March 2023, the Central Registry Agency's e-company information portal and the Electronic General Meeting System (e-GEM), at least 21 days before the general assembly meeting, and the meeting was held in due time. Our company does not have registered shares and therefore, registered shares and therefore, additional invitation has not been made for these shareholders.

The invitations to the General Assembly meetings include, the place, date and time of the general assembly, the sample power of attorney for the proxies to attend the general assembly meeting, the documents required to attend the meeting and the financial statements of 2022, the board of directors, the date and where the independent auditor's report will be made available for review by the partners. In addition, general assembly information documents, along with other documents prepared in accordance with corporate governance principles, are also announced in a special separate section for investors on the company's website. The aforementioned documents were presented to the shareholders 15 days before the general assembly meeting for the review. The shareholders have right to speak in the general assembly and expressed their opinions and wishes. The oral questions asked by the shareholders during the general assembly meeting were answered by the chairman of the general assembly by recognizing their right to speak. The shareholders did not exercise their right to ask written questions at the general assembly meeting. Therefore, investor relations department did not answer any written responses.

The shareholders has no demand for special audit during the period.

The shareholders has no demand to add anything to the items of the agenda at the relevant general assembly meeting.

In addition, the information was provided about the grants and donations made during the period at the general assembly meeting. In accordance with the aforementioned grants and donations, a separate agenda item has been established. In accordance with the “Capital Markets Legislation”, the ceiling amount has been determined by the general assembly regarding the grants and donations to be made during the period.

In the general assembly meeting, a separate agenda item has been established regarding the Informing of the General Assembly and Authorization of the Related Transactions in accordance with the Capital Market Law Articles 395 and 396 of the Turkish Commercial Code, and the relevant permission was given by the general assembly to the related to the Matters of the Shareholders, Members of the Board of Directors, Senior Managers, their spouses and their relatives by blood consanguinity and affinity up to the second degree to be able to act and compete with the Company or its subsidiaries.

OTHER INFORMATION AND MATTERS THAT MUST BE EXPLAINED PURSUANT TO THE LEGISLATION

GRI 2-10, 2-12, 2-13, 2-14, 2-17, 2-18

The minutes of the general assembly meetings and attendance sheets are disclosed to the public via the PDP, and they are also provided on the Company's website www.kartonsan.com.tr, online company platform of the Central Registry Agency (CRA) and the Electronic General Meeting System (e-GEM) and at the Kartonsan's head office for inspection by our shareholders. <https://www.kap.org.tr/tr/sirket-information/summary/997-kartonsan-kart-sanayi-ve-ticaret-a-s>

e) Information Regarding Board of Directors, Committees, Independent Auditors, Key Management Personnel and Financial Rights

Personnel and Financial Rights

In accordance with the relevant articles of the company's articles of association, the related law and regulations regarding the Board of Directors and auditors are as follows:

Board of Directors

Article: 8: The Board of Directors of Company consists of at least 7 (seven) and at most 11 (eleven) members which is administered and represented by the General Assembly in accordance with its authority of election. The number of members of the Board of Directors has been determined that enabling members to conduct efficient and constructive work, to make fast and rational decisions, and to form committees and organize their work effectively.

The Company complies with the Corporate Governance Principles required by the Capital Markets Board. Transactions made and board decisions made that are the principles not being mandatory have also not been complied with Capital Markets Board and deemed to be in breach of the articles of association. The number and nature of the independent members that has position in the Board of Directors have been determined in accordance with to the regulations of the Capital Markets Board on corporate governance.

The members of the Board of Directors elected a chairman among the Board of Directors and when chairman is not available, members of the Board of Directors selects two Vice Chairman of Board of Directors to act as a Chairman of Board respectively.

The General Assembly can change the members of the Board of Directors constantly, it deems as necessary. The member of the Board of Directors who has been removed from the duties and responsibilities does not have the right to claim compensation.

Duties and Powers of the Board of Directors and Transfer of Rights

Article: 9- The Board of Directors manages and represents the Company by taking strategic decisions, keeping the Company's risk, growth and returns balance in the optimum level, and preserving the long-term benefits and interests of the Company. The Board of Directors oversees the compliance of the Company's activities with applicable laws, articles of association, internal regulations and the policies established.

Our Company has been established necessary and required committees within the framework of the Capital Market Legislation and Corporate Governance Principles. If the Corporate Governance Committee both consists of two members, and if it has

more than two members, the majority of the members are non-executive members of the Board of Directors.

The members of the Board of Directors are authorized to decide on the division of labor among themselves, to elect an executive committee among their members or from key management personnel, and appoint a general manager. The provisions of Article 367 of the Turkish Commercial Code are reserved.

GRI 2-10, 2-12, 2-13, 2-14, 2-17, 2-18

The Company is represented by dual signature authority and can have borrowings and loans accordingly. The legal persons who will bind and represent the company with their signatures and which of the legal person's signatures will represent and bind the company have been determined by the Board of Directors and signature circulars have been prepared accordingly.

In the administration and representation of the Company, the Board of Directors complies with the principles of public disclosure and transparency under the Capital Market Law and corporate governance principles and the principles of protecting the rights of the stakeholders regulated by legislation and reciprocal contracts.

Article: 9 / A- Canceled

Authority of the Board of Directors to Issue Bonds and Other Capital Market Instruments

Article: 10- The Company may issue bonds and other debt instruments as securities in the nature of capital market instruments to be sold domestically and abroad in compliance with the provisions of the Turkish Commercial Code, Capital Market Law and relevant legislation. The Board of Directors is authorized to issue bonds and other debt securities that qualify as capital market instruments, in accordance with the Capital Markets Law. In this context, the provisions and relevant legislation of the Turkish Commercial Code are not applicable.

Board of Directors Meetings

Article: 11- The Board of Directors convenes at least once a month, as often as it can fulfill its duties effectively. The Chairman of the Board of Directors has been determined the agenda of the Board of Directors meetings in consultation with other board members and the chairman of the executive committee. The meetings are held at the Company headquarters. However, with the decision of the Board of Directors, it is possible to hold the meetings at a location other than the Company headquarters or with any technological method providing remote access. Each member of the Board of Directors has one voting right. The Board of Directors convenes with the majority of the total number of members and takes decisions with the majority of the members present at the meeting.

Financial Rights Granted to the Members of the Board of Directors

Article: 12- The salaries, remunerations, attendance fees, bonuses and premium payments, compensations and amounts provided to the Chairman and Members of the Board of Directors have been decided by the General Assembly in accordance with the Capital Market Law and Corporate Governance Principles.

Stock options or payment schedule based on the company's performance have not been used in the remuneration of the members of the Board of Directors. The salaries of the members of the Board of Directors are at a level that will provide their being a member of the Board of Directors.

Auditors

Article: 13- The General Assembly elects one or two auditors during the period. The Company complies with the Turkish Commercial Code, the Capital Markets Law, the Capital Markets Board and the relevant regulations regarding the auditor's election, term of office, duties, powers and responsibilities, registration procedures and other matters related to the auditor.

Auditor's Fees

Article: 14- General Assembly has been determined the payments and fees of the auditors on monthly or annual basis.

The Ordinary General Assembly meeting for the "Annual Report 2022" of the company was held on 30 March 2023. The following persons were appointed as members of the Board of Directors and Independent Auditors to serve for 1 year each at the General Assembly meeting. Information on the Board of Directors, Committees and Independent Auditor of the Company, who worked during the period or was elected within the period, are as follows:

OTHER INFORMATION AND MATTERS THAT MUST BE EXPLAINED PURSUANT TO THE LEGISLATION

GRI 2-10, 2-12, 2-13, 2-14, 2-17, 2-18

Members of the Board of Directors

Name/ Surname	Position	Duties Except Parent Company	Executive/ Non- Executive	Beginning of the Term of Office	End of the Term of Office	Date of Reelection	New Term
Ünal Bozkurt	Chairman of the Board	Board Membership	Executive	05.10.2000	30.03.2024	30.03.2023	1 Year
Aslı Balkır	Vice Chairman of the Board	Board Membership	Executive	02.08.2001	30.03.2024	30.03.2023	1 Year
Süleyman Kaya	Vice Chairman of the Board	Board Membership	Executive	06.02.2006	30.03.2024	30.03.2023	1 Year
Sinan Ercan Gülçur	Board Member	Board Membership	Executive	05.10.2000	30.03.2024	30.03.2023	1 Year
Mehmet İmregün	Board Member	Board Membership	Executive	21.03.2011	30.03.2024	30.03.2023	1 Year
Hatice Canan Pak İmregün	Board Member	Board Membership	Executive	01.10.2012	30.03.2024	30.03.2023	1 Year
İlker Cengiz	Board Member	Board Membership and Legal Coordinator	Executive	30.03.2021	30.03.2024	30.03.2023	1 Year
Haluk İber	Board Member and General Manager	Board Membership	Executive	02.03.2006	30.03.2024	30.03.2023	1 Year
Ahmet Göksel Yücel	Independent Member of the Board of Directors	Academic Lecturer	Non-Executive	29.03.2018	30.03.2024	30.03.2023	1 Year
Süleyman Kadri Mirze	Independent Member of the Board of Directors	Academic Lecturer	Non-Executive	29.03.2018	30.03.2024	30.03.2023	1 Year
Recep Bildik	Independent Member of the Board of Directors	Academic Lecturer	Non-Executive	31.03.2022	30.03.2024	30.03.2023	1 Year
Rüya Eser	Independent Member of the Board of Directors	Academic Lecturer	Non-Executive	31.03.2022	30.03.2024	30.03.2023	1 Year

The Board of Directors held 22 meetings during the year. Average attendance rate of Board Members to board meetings for the year 2023 was 92%. All of the decisions of the Board of Directors have been implemented during the year.

The personal backgrounds of the members of the Board of Directors are included in the General Assembly documents and have been prepared and announced to the public by our company. The General Assembly documents are available at the website of our company, on Public Disclosure Platform <https://www.kap.org.tr/tr/sirket-bilgileri/ozet/997-kartonsan-karton-sanayi-ve-ticaret-as> and online company platform of the Central Registry Agency ("CRA").

(<https://www.kartonsan.com.tr/tr/page.php?id=47%20yada%20https://e-sirket.mkk.com.tr/esir/Dashboard.jsp#/belge-goruntuleme/10916>)

GRI 2-10, 2-12, 2-13, 2-14, 2-17, 2-18

In accordance with the independent board memberships within the framework of the Capital Market Law, the Corporate Governance Committee has been determined 4 independent board members on 31 January 2023 in 2023 and presented to the Board of Directors on 31 January 2023. These independent members presented their declarations of independence to the company, and there exists no matter that eliminated their independence during the period. Independent members of the Board of Directors have presented the following declaration of independence to the company.

In accordance with the framework of the Kartonsan's Corporate Governance Principles, since Kartonsan is among the companies listed in the 1st Group, the "Independent Board of Directors Candidate Lists" were sent to the Capital Markets Board and the relevant Board's approval was obtained accordingly. The relevant candidates of the "Independent Members of the Board of Directors" were elected at the General Assembly meeting held on 30 March 2023.

Board Independence Statement of Independent Members of Board of Directors

I hereby represent that, I am a candidate for carrying our duty as "independent member" in Board of Directors of Kartonsan Karton Sanayi ve Ticaret Anonim Şirketi. (the "Company" or "Kartonsan") within the scope of criteria specified in legislation, articles of association and Corporate Governance Communique numbered II-17.1 of Capital Markets Board and in this context;

- There is no employment relation at executive level that would assume material tasks, duties and responsibilities in the last five years between the Company, or such companies in which the Company controls or has a material influence over the management, or such shareholders which control or have a material influence over the Company's management and any legal entity holding management control over these shareholders, on the one hand, and myself, my spouse and next of kin by blood and affinity kinship up to second degree, and there is no individual or joint holding of more than 5% in the capital or voting stocks or preferential stocks or no material business or commercial relation has been established,
- I have not worked at an executive position with significant and material tasks and responsibilities or held the seat as a board member or held a shareholding (equal to or above 5%) in such companies from which the company procures goods or services from or sells goods or services to in significant volumes in line with the agreements between them, including, in particular, the supplier's or buyer's audit,
- I have not carried out a duty as board member in Company's Board of Directors for more than six years, within last ten years,
- I have necessary professional education and training, knowledge and experience required for properly fulfilling the duties that I will undertake due to the fact that I become an independent board member,
- I shall not work on a full time basis at public agencies and institutions after my appointment as the member except for the lecture position at universities in line with the applicable legislation, d) I am deemed to be resident in Turkey according to Income Tax Law (I.T.L.) dated 31/12/1960 and numbered 193
- I am not holding an independent board member position in more than five publicly traded company in total or in more than three companies in which the company or the shareholders controlling the company hold the controlling powers over the management,
- I will be able to spare enough time to follow up the process of company operations and fulfill all requirements of the duties I undertake, in full,
- I am not registered and announced on behalf of and in the name of the legal entity elected as board member.
- I declare.

Date-Name Surname-Signature

OTHER INFORMATION AND MATTERS THAT MUST BE EXPLAINED PURSUANT TO THE LEGISLATION

GRI 2-10, 2-12, 2-13, 2-14, 2-15, 2-16, 2-17, 2-18

Although the fact that the members of the Board of Directors can have other duties outside the company is not bound by the rules and regulations, their duties and responsibilities have been presented for the information and approval of the shareholders in the general assembly meetings as a separate agenda item.

Our company is a subsidiary of PAK GROUP. Some of the members of the board of directors of our company naturally take part in other group companies and subsidiaries that hold the administrative governing control of our company. Therefore, at the general assembly meetings every year, the matters regarding the "Management and Competition of Shareholders, Members of the Board of Directors, Senior Executives, have been authorized the abovementioned shareholders holding the management control, the members of the Board of Directors, the senior executives with administrative responsibility and their spouses and relatives related by blood or affinity up to the second degree to compete with and to carry out transactions that might cause conflict of interest with the Company itself or its subsidiaries, to conduct the activities under the scope of the line of business of the Company directly or on behalf of others and to participate in the companies conducting such kind of activities and to perform any other transactions pursuant to articles 395 and 396 of the Turkish Commercial Code is added to the agenda and the relevant permission is requested by the general assembly.

The Company has not been decided a strict target for number of female members in the Board of Directors. Board of Directors has at least 2 female members for many years. As a result of the elections of the Board Member held at the Ordinary General Assembly meeting on 30 March 2023, the number of female members was determined as "3" (three). Since there has been no minimum target set for the ratio of female members of Board of Directors, the achievement of any targets of female members have not been evaluated separately.

The operating principles of the "Board of Directors" are regulated in detail in accordance with the Articles 9 and 10 of the "Articles of Association" and the related articles are as follows:

Duties and Powers of the Board of Directors and Transfer of Rights

Company's risk, growth and returns balance in the optimum level, and preserving the long-term benefits and interests of the Company. The Board of Directors oversees the compliance of the Company's activities with applicable laws, articles of association, internal regulations and the policies established.

Our Company has been established necessary and required committees within the framework of the Capital Market Legislation and Corporate Governance Principles. If the Corporate Governance Committee both consists of two members, and if it has more than two members, the majority of the members are non-executive members of the Board of Directors.

The members of the Board of Directors are authorized to decide on the division of labor among themselves, to elect an executive committee among their members or from key management personnel, and appoint a general manager. The provisions of Article 367 of the Turkish Commercial Code are reserved.

The Company is represented by dual signature authority and can have borrowings and loans accordingly. The legal persons who will bind and represent the company with their signatures and which of the legal person's signatures will represent and bind the company have been determined by the Board of Directors and signature circulars have been prepared accordingly.

In the administration and representation of the Company, the Board of Directors complies with the principles of public disclosure and transparency under the Capital Market Law and corporate governance principles and the principles of protecting the rights of the stakeholders regulated by legislation and reciprocal contracts.

GRI 2-10, 2-12, 2-13, 2-14, 2-17, 2-18**Authority of the Board of Directors to Issue Bonds and Other Capital Market Instruments**

Article: 10- The Company may issue bonds and other debt instruments as securities in the nature of capital market instruments to be sold domestically and abroad in compliance with the provisions of the Turkish Commercial Code, Capital Market Law and relevant legislation. The Board of Directors is authorized to issue bonds and other debt securities that qualify as capital market instruments, in accordance with the Capital Markets Law. In this context, the provisions and relevant legislation of the Turkish Commercial Code are not applicable.

In relation to the Meetings of the Board of Directors, the following regulations were made in the article 11 of the article of association.

Meetings of the Board of Directors

Article: 11- The Board of Directors convenes at least once a month, as often as it can fulfill its duties effectively. The Chairman of the Board of Directors has been determined the agenda of the Board of Directors meetings in consultation with other board members and the chairman of the executive committee. The meetings are held at the Company headquarters. However, with the decision of the Board of Directors, it is possible to hold the meetings at a location other than the Company headquarters or with any technological method providing remote access. Each member of the Board of Directors has one voting right. The Board of Directors convenes with the majority of the total number of members and takes decisions with the majority of the members present at the meeting.

Our Company's Board of Directors embraces and implements the principle of executing its activities in a transparent, accountable, fair and responsible manner. The Board of Directors held 22 meetings in 2023. All members who did not have any excuse (health issues and being in abroad etc.) participated in the meeting. All of the decisions taken within the period were taken by the consensus of the participants. Therefore, no dissenting opinion was entered into the decision record.

There is no division of labor among the members of our company's Board of Directors and clarifications are made about the committees established in the annual reports and on the company's website.

No insurance was made out in relation to the damages to be caused in the company by the defaults of the members of the Board of Directors during their duties.

A written circular of signatures is issued by the Board of Directors of our Company in relation to the representation and management of the company following the General Assembly meeting in every year. In this circular of signatures, the authority to represent the company alone is not granted to any person. The important deeds and procedures can be performed with the signatures of at least 2 signatories by different signatory groups. In our Company, no one has unlimited authority to take decision alone.

In our Company, the chairman of the Board of Directors and the general manager are not the same person. The application has been made accordingly for many years.

Even if the chief executive officer and the chairman of the board of directors will be the same person in the future, this situation is not considered as an issue that will affect the rights of the shareholders. Therefore, it will not be necessary to inform the shareholders on this matter and to make clarifications in the annual reports.

The "Corporate Management Committee" was established from the members of our Company's Board of Directors. In addition, the "Investor Relations Department" was established as associated to this committee. In the elimination and resolution of the possible disputes, the Board of Directors of Kartonsan is the pioneering department for the resolution of the disputes and related matters.

OTHER INFORMATION AND MATTERS THAT MUST BE EXPLAINED PURSUANT TO THE LEGISLATION

Number, Structure and Independence of the Committees Established within the Board of Directors

The "Audit Committee", the "Early Detection of Risk Committee" and the "Corporate Governance Committee" have been established from the members of our Company's Board of Directors. The "Nomination Committee" and the "Compensation Committee" were not established and it was adopted that the "Corporate Management Committee" would fulfill also these duties. From which members the "Early Risk Identification Committee", the "Audit Committee" and the "Corporate Management Committee" would be established and the working principles of the Committees were determined and disclosed to the public by the Board of Directors.

The "Audit Committee" has been established from 3 members and "Independent Members" were elected to these three membership positions in 2023. Therefore, the Chairman became an "Independent Member of Audit Committee".

The "Corporate Governance Committee" was established from 4 members (3 members from the Member of the Board of Directors and 1 member from the Director of the Investor Relations Department) and the "Early Risk Identification Committee" was established from 3 members. The independent members of the Board of Directors were elected to the chairman positions of all of these committees.

The functional committees of Kartonsan in 2023 are as follows:

Audit Committee

Name/Surname	Position	Beginning of the Term of Office	End of the Term of Office	Date of Reelection	New Term
Ahmet Göksel Yücel	Chairman of the Audit Committee	10.04.2018	30.03.2024	30.03.2023	1 Year
Recep Bildik	Audit Committee Member	31.03.2022	30.03.2024	30.03.2023	1 Year
Rüya Eser	Audit Committee Member	31.03.2022	30.03.2024	30.03.2023	1 Year

Corporate Governance Committee

Name/Surname	Position	Beginning of the Term of Office	End of the Term of Office	Date of Reelection	New Term
Süleyman Kadri Mirze	Chairman of the Corporate Governance Committee	10.04.2018	30.03.2024	30.03.2023	1 Year
İlker Cengiz	Corporate Governance Committee Member	30.03.2021	30.03.2024	30.03.2023	1 Year
Recep Bildik	Corporate Governance Committee Member	31.03.2022	30.03.2024	30.03.2023	1 Year
Bülent Yılmaz	Corporate Governance Committee Member *	28.03.2014	30.03.2024	30.03.2023	1 Year

*He is not the Member of the Board of Directors, but the Director of the Investor Relations Department.

Early Detection of Risk Committee

Name/Surname	Position	Beginning of the Term of Office	End of the Term of Office	Date of Reelection	New Term
Ahmet Göksel Yücel	Chairman of the Early Detection of Risk Committee	10.04.2018	30.03.2024	30.03.2023	1 Year
Mehmet İmregün	Early Detection of Risk Committee Member	09.04.2013	30.03.2024	30.03.2023	1 Year
Rüya Eser	Early Detection of Risk Committee Member	31.03.2022	30.03.2024	30.03.2023	1 Year

The “Chief Executive Officer”/“General Manager” or the other executive members did not take charge in the committees. The number of the Independent Members of the Board of Directors is 4 as required by the structuring of our Company's Board of Directors. As at least the chairman's of the committees established and all of the Auditing Committee should be established from the independent members, the principle for one member of the Board of Directors not to take charge in more than one committee could not be fulfilled. One member of our Board of Directors has to take charge in 2 separate committees.

The working principles related to the committees established from the members of our Company's Board of Directors were documented. The current working principles of the committees are available on our company's website (<http://kartonsan.com.tr/tr/page.php?id=37>), on the Public Disclosure Platform (“<https://www.kap.org.tr/tr/sirket-bilgileri/ozet/997-kartonsan-karton-sanayive-ticaret-a-s>”) and on the online company platform of the Central Registry Agency (CRA) (<http://kartonsan.com.tr/tr/page.php?id=37> or <https://e-sirket.mkk.com.tr/esir/Dashboard.jsp#/belge-goruntuleme/10916>).

Within the framework of such principles, all committees can invite the executive that they consider necessary in order to be able to fulfill their duties and obtain the opinion of such executive. Furthermore, the financial resource that is necessary for the operations of the committees is provided by the Board of Directors. In the current period, no financial resource has been used by the committees.

Entire committees can provide the consultancy services that they consider necessary in order to be able to fulfill their duties on condition that the prices and charges of such services is paid by the company.

The “Committees” established from the members of our Company's Board of Directors document and record all of their works. They comply with the documented working principles on this matter. The committees regularly present reports to the board of directors in relation to their operations.

The committees other than the Early Detection of Risk Committee convene at the Company headquarters every three months, at least four times each year. The Early Risk Identification Committee may convene in frequencies required by its duties and responsibilities. The “Early Detection of Risk Committee” convene meetings 6 times a year, at least every 2 months in 2023.

Kartonsan decided to establish the “Early Detection of Risk Committee” starting from 2013. This committee has been established from 3 persons and the chairman of the committee was the independent member of the Board of Directors. The Board of Directors reestablishes the committee depending on the elections of the members of the board of directors as required by its structuring in every year. The committee performs duty within the framework of the duties determined. The committee presented the report that it prepared to the Board of Directors on 25 December 2023 for the year 2023.

OTHER INFORMATION AND MATTERS THAT MUST BE EXPLAINED PURSUANT TO THE LEGISLATION

GRI 2-19, 2-20, 2-21

Key Management Compensation

The article 12 of the articles of association includes regulation regarding the financial rights of the Board of Directors and the text of the article is as follows:

Financial Rights of the Members of the Board of Directors

Article: 12- The salaries, remunerations, attendance fees, bonuses and premium payments, compensations and amounts provided to the Chairman and Members of the Board of Directors have been decided by the General Assembly in accordance with the Capital Market Law and Corporate Governance Principles.

Stock options or payment schedule based on the company's performance have not been used in the remuneration of the members of the Board of Directors. The salaries of the members of the Board of Directors are at a level that will provide their being a member of the Board of Directors.

The remuneration principles of the members of the Board of Directors and the senior executives were documented and presented to the shareholders as a separate item at the "Ordinary General Assembly" meetings and the shareholders were provided with the opportunity of delivering an opinion on this matter. This policy is available on the company's website (www.kartonsan.com.tr), on the online company platform of the Central Registry Agency (CRA) (<https://e-sirket.mkk.com.tr/esir/Dashboard.jsp#/sirketbilgileri/10916>) and on the Public Disclosure Platform ("<https://www.kap.org.tr/tr/sirket-bilgileri/ozet/997-kartonsan-karton-sanayi-ve-ticaret-a-s>").

Our Board of Directors did not prefer the establishment of a separate Compensation Committee as required by its structuring and decided that the compulsory duties identified to these committees within the framework of the Corporate Management Principles to be fulfilled by the Corporate Governance Committee.

In the remuneration of the independent members of the Board of Directors, the stock options or the payment schedules based on the company's performance were not used. Effort was shown for the salaries of the independent members of the Board of Directors to be at the level to maintain their independence. It was agreed to pay a monthly salary to the independent members by the General Assembly.

Our Company does not have any application such as providing debt-credit to, giving guarantee or surety in favor of its Members of the Board of Directors or Senior Executives. Non-performance of such procedures was adopted as a principle by our Board of Directors.

The salaries and remunerations provided to the members of our Company's Board of Directors are included in the interim and annual reports and are available on the website of the company. Although no clarification is made on an individual basis, the minimum Board of Directors- senior executive separation is included.

Our members of the Board of Directors and key management personnel have the following income streams:

Key Management Compensation to the Members of the Board of Directors

Daily Allowance

The amount has been determined at the General Assembly Meeting.

(Daily Allowance Payments)

The salaries and benefits (daily allowance) paid or provided to the chairman and members of the board of directors due to such capacities are qualified as salary in accordance with the article 61/4 of the Income Tax Law. The daily allowance payments made to the chairman and members of the board of directors are taxed by withholding as for the salary payments made to the other employees of the company.

GRI 2-19, 2-20, 2-21

Dividend Distribution

Dividend distribution and related payments have been determined by the General Assembly within the framework of the article numbered 25 of the articles of association at “the General Assembly Meeting” held in every year.

Key Management Personnel Compensation

The “General Managers” and “Deputy General Managers” who are the members of the Board of Directors have as well as the membership to the Board of Directors and their income streams are as follows:

- Monthly salary (determined annually)
- Bonus at the amount of one monthly salary, (for 4 times in a year.)
- Achievement premium (given once at the end of the year.)
- Seniority incentive bonus (given at the amount between 1 salary and 2.5 salaries at the 5th, 10th, 15th, 20th, 25th years.)
- Personal accident and health insurance
- Motor vehicles and furniture and fixtures allocated as required by the duty.

The details of the key management compensation and the Members of the Board of Directors during the period (salary and daily and allowance payments except for the dividend payments of the Board of Directors) are as follows:

	31.12.2023	31.12.2022
Key management compensation provided to key management personnel	14.816.833	7.080.426
Key management compensation provided to board members	1.673.036	786.433
Total	16.489.869	7.866.859

Key Management Personnel During the Period:

Name/Surname	Position
Haluk İber	Member of the Board of Directors and General Manager
Güven Şanlı	Factory Manager
Volkan Turt	Production Manager
İhsan Doğan	Technical Manager
Ümit Dinçol	Production Services Manager
Raşit Kemal Özkırım	Marketing Manager
Şadiye Başak Kaya	Human Resources and Quality Systems Manager
Atiye Süheyla Tuğtekin	Purchasing Manager
Bülent Koru	Financial Affairs Manager

There was no change incurred in key management personnel (except for Board of Directors) during the period.

OTHER INFORMATION AND MATTERS THAT MUST BE EXPLAINED PURSUANT TO THE LEGISLATION

19) SUBSIDIARY/ASSOCIATE REPORT PREPARED UNDER ARTICLE 199 OF THE TURKISH COMMERCIAL CODE

In accordance with Article 199 of the Turkish Commercial Code numbered 6102, which entered into force on 1 July 2012, the Board of Directors of Kartonsan Karton Sanayi ve Ticaret Anonim Şirketi is obliged to issue a report about the relations of the company with its controlling shareholder and the companies associated to the controlling shareholder in the previous operating year and to include the conclusion part of this report in the operating report within the first three months of the operating year.

In accordance with the report dated on 28 February 2024 prepared by the Board of Directors of Kartonsan Karton Sanayi ve Ticaret Anonim Şirketi,

“An appropriate counter-action was ensured in each legal transaction with Asil Holding Anonim Şirketi (“Parent Company”), being the controlling shareholder of Kartonsan Karton Sanayi ve Ticaret Anonim Şirketi (the “Subsidiary”), and Pak Holding Anonim Şirketi and with the companies which are directly or indirectly the subsidiaries of these two companies in accordance with the cases and conditions to the best of our knowledge on the date when such transactions were performed. Kartonsan has no implemented measures that was taken or that was avoided to be taken and has no loss for the period within this framework.

All measures that were taken or that were avoided to be taken for the benefit of the controlling shareholder or its subsidiary were evaluated as of and for the year ended 2023 in the legal transactions made for the benefit of the controlling shareholder or its subsidiary by the direction of the controlling shareholder in accordance with the cases and conditions to the best of our knowledge in all transactions made with our Company, the controlling shareholder and its subsidiaries within the operating year between 1 January– 31 December 2023. We declare that our Company did not incur such loss due to any transaction that occurred in accordance with the ongoing execution proceedings and conditions with respect to the operating year of 2023, no benefit was provided and it is not possible to compensate the benefits obtained by the controlling shareholder or the loss for the period.”

20) OTHER MATTERS

- Kartonsan has no treasury stock at the end of the period.
- Necessary disclosures have been made in the “Provisions, Contingent Liabilities and Contingent Assets” (Note 14) in notes to the consolidated financial statements about the lawsuits filed against the company that may affect the financial position of Kartonsan and their possible results.
- Our company has all of its share capital and there exists no event of loss of capital and “technical bankruptcy”.
- The Company has no significant events incurred after the reporting period that is not disclosed in the previous pages of the annual report.
- During the period of 2023, the routine inspections related to the wastes and pollution that occurred as a result of our production activities were continued to be performed by Kocaeli Metropolitan Municipality, Başiskele Municipality and the Provincial Directorate of Environment and Urbanization at the factory of the company. The Company has no supervision and inspection activity which was performed by any public institution except for the abovementioned institutions.
- No administrative or judicial sanction was applied on Kartonsan and the members of the Board of Directors due to the applications in contrary to the legislation provisions.
- Kartonsan has no “Extraordinary General Assembly Meeting” held in 2023.
- Kartonsan is among the companies listed in the 1st Group in accordance with the announcement of the Capital Markets Board under the provisions of the Corporate Governance Communiqué No. II-17.1.
- Kartonsan has no amendment to the “Articles of Association” during the period. In accordance with the decision of the Board of Directors on 1 April 2024 and numbered YK/2024-06,

The following matters was decided unanimously by the members attending the General Assembly meeting: The General Assembly has been decided to increase the registered capital ceiling of from TL 100,000,000 (TL 100 million) to TL 5,000,000,000 (TL 5 billion). In addition, it has been decided to change the validity period of the registered capital ceiling to 2024-2028.

Due to the procedures of increasing the registered capital ceiling and determining the validity period of registered capital, it has been decided to amend the article 6 of the articles of association, named "Share capital", as presented in the attachment, and to present the relevant amendment to the approval of the shareholders at the first general assembly to be held following obtaining the necessary authorization and approvals.

It has been decided to authorize the General Directorate to realize the necessary applications to official institutions and organizations such as the Capital Markets Board and the Ministry of Commerce for authorization and approval of the amendment to the draft amendment and to complete other legal procedures.

The draft amendment regarding the amendment of the articles of association, which has been approved by the Capital Markets Board and the Ministry of Commerce and will be presented to the approval of the shareholders at the first General Assembly meeting, is as follows:

KARTONSAN KARTON SANAYİ VE TİCARET ANONİM ŞİRKETİ DRAFT REGARDING THE AMENDMENT OF ARTICLE 6 OF THE ARTICLES OF ASSOCIATION	
Old text	New text
<p>Share capital Article: 6- In accordance with the provisions of the Capital Markets Law numbered 2499 on 28 July 1981, Kartonsan adopted the registered capital system and realized transition to registered capital system with the authorization of the Capital Markets Board on 15 December 1982 and numbered 223.</p> <p>The registered share capital of Kartonsan is amounting to TL 100.000.000 (TL 100 million), divided into 10.000.000.000 (TL 10 billion) outstanding shares each with a par value of Kr ("Kuruş") 1.</p> <p>The issued share capital of Kartonsan is amounting to TL 75.000.000 (TL 75 million). The relevant issued share capital divided into 5.287 Class A shares and 7.499.994.713 Class B shares each with a par value of TL 1. Accordingly, the Class A and B shares represents bearer shares of 7.500.000.000 (7,5 billion). The registered share capital amounting to TL 75.000.000 has been fully paid-in share capital.</p> <p>The authorization of the registered capital ceiling granted by the Capital Markets Board is valid for the years 2020-2024 (5 years). Even if the authorized registered capital ceiling is not determined at the ceiling amount at the end of 2024, it is obliged to obtain authorization for a new period at the first General Assembly Meeting to be held by obtaining authorization from the Capital Markets Board for the previously permitted ceiling or a new ceiling amount, in order for the board of directors to decide on a capital increase after 2024. The period of the authorization can be extended for periods of 5 (five) years by the decision of the General Assembly. If the relevant authorization is not obtained, capital increase cannot be realized by the decision of the Board of Directors.</p> <p>While the nominal value of each share was considered as TL 1,000 (Thousand), it was first amended to Kr 1 (One) in accordance with the Law numbered 5274 on amendments to the Turkish Commercial Code. Subsequently, with the decision of the Council of Ministers on 4 April 2007 and numbered 2007/11963, the phrase "New" in the New Turkish Lira and New Kuruş was removed on 1 January 2009 and was changed to Kr 1. Due to the aforementioned amendment, the total number of shares decreased and 1 share with a par value of 1 Kr 1 (One) was provided against 10 (Ten) shares of TL 1,000 (Thousand) each.</p> <p>Shares representing the share capital shall be monitored in accordance with dematerialization.</p> <p>The phrases "Turkish Lira" presented herein in the articles of association are phrases amended in accordance with the above-mentioned Council of Ministers Decision.</p>	<p>Share capital Article: 6- In accordance with the provisions of the Capital Markets Law numbered 2499 on 28 July 1981, Kartonsan adopted the registered capital system and realized transition to registered capital system with the authorization of the Capital Markets Board on 15 December 1982 and numbered 223.</p> <p>The registered share capital of Kartonsan is amounting to TL 5.000.000.000 (TL 5 billion), divided into 500.000.000.000 (TL 500 billion) outstanding shares each with a par value of Kr ("Kuruş") 1.</p> <p>The issued share capital of Kartonsan is amounting to TL 75.000.000 (TL 75 million). The relevant issued share capital divided into 5.287 Class A shares and 7.499.994.713 Class B shares each with a par value of TL 1. Accordingly, the Class A and B shares represents bearer shares of 7.500.000.000 (7,5 billion). The registered share capital amounting to TL 75.000.000 has been fully paid-in share capital.</p> <p>The authorization of the registered capital ceiling granted by the Capital Markets Board is valid for the years 2024-2028 (5 years). Even if the authorized registered capital ceiling is not determined at the ceiling amount at the end of 2028, it is obliged to obtain authorization for a new period at the first General Assembly Meeting to be held by obtaining authorization from the Capital Markets Board for the previously permitted ceiling or a new ceiling amount, in order for the board of directors to decide on a capital increase after 2028. The period of the authorization can be extended for periods of 5 (five) years by the decision of the General Assembly. If the relevant authorization is not obtained, capital increase cannot be realized by the decision of the Board of Directors.</p> <p>While the nominal value of each share was considered as TL 1,000 (Thousand), it was first amended to Kr 1 (One) in accordance with the Law numbered 5274 on amendments to the Turkish Commercial Code. Subsequently, with the decision of the Council of Ministers on 4 April 2007 and numbered 2007/11963, the phrase "New" in the New Turkish Lira and New Kuruş was removed on 1 January 2009 and was changed to Kr 1. Due to the aforementioned amendment, the total number of shares decreased and 1 share with a par value of 1 Kr 1 (One) was provided against 10 (Ten) shares of TL 1,000 (Thousand) each.</p> <p>Shares representing the share capital shall be monitored in accordance with dematerialization.</p> <p>The phrases "Turkish Lira" presented herein in the articles of association are phrases amended in accordance with the above-mentioned Council of Ministers Decision.</p>

APPENDICES

Kartonsan Performance Indicators
Sustainability Principles Compliance Framework
GRI Index
Information to Shareholders

KARTONSAN PERFORMANCE INDICATORS

GRI 301-1, 301-2, 301-3, 302-1, 302-2, 303-1, 302-3, 303-3, 303-4, 303-5, 305-1, 305-2, 306-1, 306-2, 306-3, 306-4, 306-5

ENVIRONMENTAL PERFORMANCE

Raw Material Amount (tons)	2021	2022	2023
Waste Paper Amount	231,524	231,214	128,419
Amount of Bleached Cellulose	2,573	3,214	2,514
Wood Pulp	19,543	18,558	10,822
Conventional Energy Consumption (TJ)	2,025.20	1,856.69	1,159.95
Specific Heat Consumption (MJ/ton coated cardboard)	3,727.25	3,516.28	3,867.90
Amount of Steam Production from Waste Heat (MWh/year)	215,832.79	197,564.11	123,203.97
Amount of Steam Production from Waste Heat (MWh/year)	374,244,071.83	345,512,785.93	316,690,951.30
Amount of Scope 1 Total Gross Greenhouse Gas Emission (million ton CO₂ /year)			
Amount of Scope 1 Total Gross Greenhouse Gas Emission in Coated Cardboard Production (million ton CO ₂ /year)	0,10545188 (verified data in 2020 for 2021-combustion sourced)	0,1119414 (verified data in 2021 for 2022-combustion sourced)	0,1025774 (verified data in 2022 for 2023-combustion sourced)
Amount of Scope 2 Total Gross Greenhouse Gas Emission in Coated Cardboard Production (million ton CO ₂ /year)	Not computed	Not computed	Not computed
Total Hazardous Wastes by Disposal Method (tons)			
Recycle	123	69	49
Disposal	62	57	60
Total Non-Hazardous Wastes by Disposal Method (tons)			
Recycle	48,583	14,809	4,617
Disposal	37,170	54,038	33,204
Total Annual Amount of Water Consumption (m³)			
Total	1,265,854	1,293,279	913,956
Well water	1,240,136	1,265,114	882,043
Municipal water	25,718	28,165	31,913
Total Annual Amount of Wastewater by Discharge Method (m³)			
Discharge Water (m ³)	1,810,572	1,695,120	995,959
Recycled Water (m ³)	544,718	401,841	82,003
Packaging Waste Recycling (tons)	212	236	146
Number of Environmental Compliance Sanctions (number)	0	0	1
Amount of Environmental Compliance Sanctions (TL)	0	0	3,530,722
Total Environmental Investment and Management Expenditures			
Total Environmental Investment and Management Expenditures (TL million)	28.8	47	53
Disposal-solid waste transportation and disposal cost	7	30.4	28
Waste water expenses	6	10.3	25
Environmental management expenditure total	13	40.7	53
Environmental Investment	15.8	6.3	-
Environmental Trainings			
Total Environmental Trainings - Number of Participants (person)	2	267	26
Total Environmental Trainings - Training Hours (person*hour)	2	167	160

KARTONSAN PERFORMANCE INDICATORS

GRI 201-1

ECONOMIC PERFORMANCE

Production	2021	2022	2023
Total Production	230,926	226,018	122,515
KM1 Production (tons)	75,615	69,299	19,458
KM2 Production (tons)	155,311	156,719	103,057
Grinding Service (TL thousand)	864	1,314	2,177
Electric Sales	21,349,036 kWh	19,710,886 kWh	10,814,605 kWh
Capacity Utilization Rate (%)			
KM1	94.2%	93.7%	29.1%
KM2	90.7%	91.7%	64.2%
Total Raw Material Supply (tons)	Total 253,640 Waste Paper 231,524 Cellulose 2,573 Wood Pulp 19,543	Total 252,986 Waste Paper 231,214 Cellulose 3,214 Wood Pulp 18,558	Total 141,755 Waste Paper 128,419 Cellulose 2,514 Wood Pulp 10,822
Total Sales Amount (tons)	255,391 Coated Cardboard 6,409 Waste Paper	219,532 Coated Cardboard 6,284 Waste Paper	134,930 Coated Cardboard 11,204 Waste Paper
Economic Value Created (TL million)			
Net Sales	1,589	3,364	2,480
Domestic Sales	1,359	2,680	2,024
Exports	260	684	427
Operating Profit /(Loss)	382	732	(1,200)
Profit Before Tax/(Loss)	471	822	(1,124)
Net Profit/(Loss)	379	705	(843)
EBITDA	495	865	(1,045)
Net Debt	0	12	535
Investment Expenditures (TL million)	61	78	59
Government Grants (Investment Incentive Tax Discount)	15.2	22	-
Economic Value Distributed (TL million)	2021	2022	2023
Taxes Paid	114	297	36
Dividends to Stakeholders (paid from the previous year's profit)	55	155	173
Wages to Employees	32	51	108
R&D Expense Incurred in The Reporting Period (TL million)	34	66	18

*The specified TL amounts represent values that have not been subject to inflation adjustment or transferred to 31.12.2023 prices.

GRI 2-7, 401-1

EMPLOYEE DEMOGRAPHICS

	2021	2022	2023
Total Workforce (Number)	320	316	350
Direct Employment	320	316	350
Female	35	35	43
Male	285	281	307
Total Workforce by Category (Number)	312	316	350
Blue Collars	191	195	206
Female	8	6	7
Male	183	189	199
White Collars	121	121	144
Female	27	29	36
Male	94	92	108
Total Workforce by Education Level (Number)	320	316	350
No Education	1	3	2
Primary School	28	29	34
Secondary School	147	144	157
University and Above	144	140	157
Total Workforce by Age Group (Number)	320	316	350
Below 30	30	26	28
30 - 50	237	241	265
Over 50	53	49	57
Structure of Board of Directors (Number)	14	16	20
Female	3	4	5
Male	11	12	15
Structure of Senior Management (Number)	11	11	11
Female	2	2	2
Male	9	9	9
Employees Hired (Number)			
By Gender	20	17	50
Female	4	4	10
Male	16	13	40
By Age Group	26	17	50
Below 30	11	6	9
30 - 50	6	11	35
Over 50	9	0	6

KARTONSAN PERFORMANCE INDICATORS

GRI 2-7, 2-8, 401-1, 401-3, 403-5, 403-8, 403-9, 403-10, 404-1, 404-2, 404-3

	2021	2022	2023
Employees Left (Number)			
By Gender	21	16	65
Female	4	2	12
Male	17	14	53
By Age Group	21	16	65
Below 30	2	2	7
30 - 50	12	13	47
Over 50	7	1	11
Disabled Employees	8	9	8
Female	1	1	1
Male	7	8	7
Number of Employees Left for Parental Leave	0	2	0
Number of Employees Returned from Parental Leave	0	2	0
After 12 Months to Their Return from Parental Leave	0	2	0
Workforce Covered by Collective Bargaining Agreement (Number)	171	170	170

SOCIAL PERFORMANCE

	2021	2022	2023
Number of Work-Related Injuries			
Direct Employment	78	34	37
Female	0	1	1
Male	78	33	36
Other Employees	44	54	29
Number of Occupational Diseases	0	0	-
Direct Employment	0	0	-
Female	0	0	-
Male	0	0	-
Other Employees	0	0	-
Number of Lost Working Days (as a result of workrelated injuries or diseases)	5,882	1,332	367
Direct Employment	0	386	238
Female	192	0	-
Male	4,102	666	238
Other Employees	1,588	280	129
The Number of Mortal Accident at Factories			-
Direct Employment	0	0	-
Female	0	0	-
Male	0	0	-
Other Employees	0	1	-
Trainings Offered to Employees	445	457	425
Blue Collar	118	152	138
White Collar	235	114	106
Other Employees	92	191	181
Female	58	45	39
Male	295	412	386
Trainings Offered to Employees			
Total Hours (person x hour)	1,946.95	6,418.70	3,570

GRI 2-7, 2-8, 403-5, 403-8, 403-9, 403-10, 404-1, 404-2, 404-3, 414-1, 414,2

	2021	2022	2023
Blue Collar	608.15	2,065.65	1,296
White Collar	939.5	2,091.50	931
Other Employees	399.3	2,261.55	1,343
Female	222.5	706.10	241
Male	1,325.15	5,712.60	3,329
Training per Employee			
Average Training Hours Offered to Employees (hour/ person)	4.82	12.66	6.72
Blue Collar	3.18	10.59	6.29
White Collar	7.76	17.29	6.47
Other Employees	4.34	11.84	7.42
Female	6.36	20.17	6.18
Male	4.65	20.33	8.62
OHS Trainings Offered to Employees			
Number of Participants	190	201	191
Blue Collar	45	74	103
White Collar	102	46	43
Other Employees	43	81	45
Female	24	16	11
Male	166	185	180
OHS Trainings Offered to Employees			
Total Training Hours	1,081	2,046	1,616
Blue Collar	288	632	876
White Collar	525	370	344
Other Employees	268	1,044	396
Female	116	134	74
Male	965	1,912	1,542
Suppliers			
Total Number of Supplier Companies	861	818	698
Number of Suppliers Assessed Using ESG Criteria	97	105	80
OHS Committee			
Number of OHS Committees	1	1	1
Number of OHS Committees Members	15	15	18
Total Number of Employee Representatives at OHS Committees	2	2	2
Salaries paid to employees (TL)	32,292,326.72	51,196,206.95	107,568,916.28
Total R&D Expenditure (TL million)	34	66	18
Donations and Sponsorships (TL thousand)	0.89	0.353	1
INTERNSHIP SKILLS EDUCATION			
Internship	15	15	3
Skills Education	18	18	18
Long term internship (over 3 months)	3	4	0
Other Employees	1	1	0
Female	9	13	6
Male	28	25	15

SUSTAINABILITY PRINCIPLES COMPLIANCE FRAMEWORK

	COMPANY COMPLIANCE STATUS				Explanation	Report Information on Publicly Disclosed Information (Page number, menu name on the website)
	YES	NO	PARTIAL	NOT APPLICABLE		
A. GENERAL PRINCIPLES						
A1. Strategy, Policy and Goals						
	The prioritised environmental, social and corporate governance (ESG) issues, risks and opportunities have been determined by the Company's Board of Directors.	✓			ESG matters, risks and opportunities are regulated in accordance with the current sustainability policy of Kartonsan including other supporting policies. Kartonsan presents its periodic evaluations on these matters in its Integrated Annual Reports. On the other hand, within the scope of the studies of the Sustainability Committee, where these issues are discussed, the Board of Directors are informed regarding aforementioned matters, risks and opportunities.	Kartonsan 2023 Integrated Annual Report page number 20-27. https://www.kartonsan.com.tr/tr/page.php?id=40
A1.1.	The ESG policies (Environmental Policy, Energy Policy, Human Rights and Employee Policy etc.) have been created and disclosed to the public by the Company's Board of Directors.	✓			The relevant policies are disclosed and available on the Kartonsan's website.	Kartonsan's Sustainability Policy https://www.kartonsan.com.tr/en/page.php?id=66 Kartonsan's Ethical Principles on Preventing Corruption and Policy on Human Rights https://www.kartonsan.com.tr/files/2022/Kartonsan_Etik_Ilkeler.pdf Kartonsan's Policy on Quality, the Environment, Energy and Occupational Health and Safety https://www.kartonsan.com.tr/en/page.php?id=18
A1.2.	The short and long-term targets set within the scope of ESG policies have been disclosed to the public.	✓			Aims and goals of Kartonsan are presented in Integrated Annual Reports on an annual basis.	Kartonsan 2023 Integrated Annual Report page number 12-15, 44-57 https://www.kartonsan.com.tr/tr/page.php?id=40

		COMPANY COMPLIANCE STATUS				Explanation	Report Information on Publicly Disclosed Information (Page number, menu name on the website)
		YES	NO	PARTIAL	NOT APPLICABLE		
A2. Implementation/Monitoring							
A2.1.	The responsible committees and/or business units for the implementation of ESG policies and the senior officials related to ESG issues in the Company and their duties have been identified and disclosed to the public.	✓				Kartonsan established the Sustainability Committee in 2021. Relevant information regarding works and studies are included in Integrated Annual Report.	Kartonsan 2023 Integrated Annual Report page number 35. https://www.kartonsan.com.tr/tr/page.php?id=40
	The activities carried out within the scope of policies by the responsible committee and/ or unit have been reported to the Board of Directors at least once a year.	✓				In accordance with the works and studies of Sustainability Committee, information is provided to the Board of Directors periodically.	Kartonsan 2023 Integrated Annual Report page number 35 https://www.kartonsan.com.tr/tr/page.php?id=40
A2.2.	In line with the ESG targets, the implementation and action plans have been formed and disclosed to the public.	✓				Action and implementation plans of Kartonsan are disclosed in the Annual Integrated Report on an annual basis.	Kartonsan 2023 Integrated Annual Report page number 12-15, 44-57 https://www.kartonsan.com.tr/tr/page.php?id=40
A2.3.	The Key ESG Performance Indicators (KPI) and the level of reaching these indicators have been disclosed to the public on yearly basis.	✓				Kartonsan has been publishing an integrated annual report since 2021. In addition, Kartonsan publicly discloses ESG Key Performance Indicators.	Kartonsan 2023 Integrated Annual Report, annexes section https://www.kartonsan.com.tr/tr/page.php?id=40
A2.4.	The activities for improving the sustainability performance of the business processes or products and services have been disclosed to the public.	✓				Kartonsan discloses its activities to improve the sustainability performance of business processes or products and services in Integrated Annual Reports on an annual basis.	Kartonsan 2023 Integrated Annual Report page number 12-15, 44-57 https://www.kartonsan.com.tr/tr/page.php?id=40

SUSTAINABILITY PRINCIPLES COMPLIANCE FRAMEWORK

	COMPANY COMPLIANCE STATUS				Explanation	Report Information on Publicly Disclosed Information (Page number, menu name on the website)
	YES	NO	PARTIAL	NOT APPLICABLE		
A3. Reporting						
A3.1.	The information about the sustainability performance, targets and actions have been given in annual reports of the Company an understandable, accurate and sufficient manner.	✓			Kartonsan reports information in a clear, accurate and sufficient manner on its sustainability performance, aims and actions in its Integrated Annual Reports. These reports are published since 2021 and prepared in accordance with the requirements of GRI and the Integrated Reporting Framework and confirmation service is received from GRI.	Kartonsan's corporate website annual report section https://www.kartonsan.com.tr/tr/page.php?id=40
A3.2.	The information about activities which are related to the United Nations (UN) 2030 Sustainable Development Goals have been disclosed to the public.	✓			In accordance with its sustainability strategy and efforts, Kartonsan supports and contributes to the United Nations (UN) 2030 Sustainability Development Goals. In accordance with priorities and performance adopted, Kartonsan's contributions are disclosed to the public in its Integrated Annual Report every year.	Kartonsan 2023 Integrated Annual Report page number 31-32 https://www.kartonsan.com.tr/tr/page.php?id=40
A3.3.	The lawsuits filed and/or concluded against the Company about ESG issues which are material in terms of ESG policies and/or will significantly affect the Company's activities, have been disclosed to the public.	✓			Lawsuits are filed against the Kartonsan during the reporting period and lawsuits have not been filed that are material to ESG policies and/or have the potential to significantly affect Kartonsan's operations. Besides, Kartonsan also makes a "statement" if there is a lawsuit incurred regarding in this nature.	
A4. Verification						
A4.1.	The Company's Key ESG Performance metrics have been verified by an independent third party and publicly disclosed.	✓			Kartonsan has independently audited its key performance measures of the ESG, disclosed to the public in its 2023 Integrated Annual Report.	Kartonsan 2023 Integrated Annual Report, Limited Assurance Report https://www.kartonsan.com.tr/tr/page.php?id=40

		COMPANY COMPLIANCE STATUS				Explanation	Report Information on Publicly Disclosed Information (Page number, menu name on the website)
		YES	NO	PARTIAL	NOT APPLICABLE		
B. ENVIRONMENTAL PRINCIPLES							
B1.	The policies and practices, action plans, environmental management systems (known by the ISO 14001 standard) and programs have been disclosed.	✓				Kartonsan has structured its business processes in accordance with international product and management standards. Kartonsan's Integrated Managements System includes "ISO 9001 Quality Management System", "ISO 14001 Environmental Management System", "ISO 45001 Occupational Health and Safety Management System" and "ISO 50001 Energy Management System".	Kartonsan 2023 Integrated Annual Report page number 49 https://www.kartonsan.com.tr/tr/page.php?id=40 Kartonsan Integrated Management System https://www.kartonsan.com.tr/en/page.php?id=19
B2.	The environmental reports prepared to provide information on environmental management have been disclosed to the public which is including the scope, reporting period, reporting date and limitations about the reporting conditions.	✓					Kartonsan 2023 Integrated Annual Report, About the Report/Contents page number 4 https://www.kartonsan.com.tr/tr/page.php?id=40
B4.	The environmental targets within the scope of performance incentive systems which included in the rewarding criteria have been disclosed to the public on the basis of stakeholders (such as members of the Board of Directors, managers and employees).	✓				Using the Individual Suggestion System, Kartonsan shares and presents its suggestions and advises to improve the business cycle, including ESG issues. New projects are developed by evaluating these suggestions. Furthermore, the owner of the project is rewarded accordingly. Kartonsan is planning to include the relevant matter within the HR performance evaluation system in the next period through entire organization.	Kartonsan 2023 Integrated Annual Report, Individual Suggestion System page number 55 https://www.kartonsan.com.tr/tr/page.php?id=40

SUSTAINABILITY PRINCIPLES COMPLIANCE FRAMEWORK

	COMPANY COMPLIANCE STATUS				Explanation	Report Information on Publicly Disclosed Information (Page number, menu name on the website)
	YES	NO	PARTIAL	NOT APPLICABLE		
B5.	How the prioritised environmental issues have been integrated into business objectives and strategies has been disclosed.	✓			Kartonsan implements the results of the prioritization strategy analysis, which it carries out with broad stakeholder participation, in the process of developing its targets and strategies. In addition, Kartonsan prepares and implements action plans regarding its priority areas. Kartonsan carried out its current prioritization strategy by survey methodology in 2021. Accordingly, Kartonsan has also reported its works and studies in accordance with the aforementioned prioritization strategies.	Kartonsan 2022 Integrated Annual Report, Individual Suggestion System page number 28-30 https://www.kartonsan.com.tr/tr/page.php?id=40
B7.	The way of how environmental issues has been managed and integrated into business objectives and strategies throughout the Company's value chain, including the operational process, suppliers and customers has been disclosed.	✓			Kartonsan implements its works for integrating the perception of sustainability and ESG throughout its corporate value chain. The abovementioned studies are focused on corporation value chain mechanism during the reporting period. Kartonsan is planning to expand the related studies to other organizational structures of the value chain in the next period.	Kartonsan 2023 Integrated Annual Report, Headings from Kartonsan Supply Chain page number 46 https://www.kartonsan.com.tr/tr/page.php?id=40
B8.	Whether the Company have been involved to environmental related organizations and non-governmental organizations' policy making processes and collaborations with these organizations has been disclosed.	✓				Kartonsan 2023 Integrated Annual Report, Cooperation with sectoral unions and organizations, page number 8 https://www.kartonsan.com.tr/tr/page.php?id=40

		COMPANY COMPLIANCE STATUS				Explanation	Report Information on Publicly Disclosed Information (Page number, menu name on the website)
		YES	NO	PARTIAL	NOT APPLICABLE		
B9.	In the light of environmental indicators (Greenhouse gas emissions (Scope-1 (Direct), Scope-2 (Energy indirect), Scope-3 (Other indirect), air quality, energy management, water and wastewater management, waste management, biodiversity impacts)), information on environmental impacts is periodically disclosed to the public in a comparable manner.	✓				Kartonsan includes environmental performance indicators in its Integrated Annual Reports in comparison with prior years (comparison of 2 years).	Kartonsan 2023 Integrated Annual Report, Annexes-Kartonsan Performance Indicators https://www.kartonsan.com.tr/tr/page.php?id=40
B10.	Details of the standard, protocol, methodology, and baseline year used to collect and calculate data has been disclosed.	✓				Kartonsan collects and calculates the data that form the basis of environmental performance indicators presented in Integrated Annual Reports in accordance with the legislation and provisions in force in Turkey.	Kartonsan 2023 Integrated Annual Report, Limited Assurance Report, Criteria and Structural Constraints https://www.kartonsan.com.tr/tr/page.php?id=40
B11.	The increase or decrease in Company's environmental indicators as of the reporting year has been comparatively disclosed with previous years.	✓				Kartonsan presents environmental performance indicators in its Integrated Annual Reports in comparison with prior years (comparison of 2 years). Moreover, increases or decreases in environmental indicators are disclosed in different sections of the Integrated Annual Report along with their reasons.	Kartonsan 2023 Integrated Annual Report, Kartonsan and Environment, page number 47 https://www.kartonsan.com.tr/tr/page.php?id=40

SUSTAINABILITY PRINCIPLES COMPLIANCE FRAMEWORK

		COMPANY COMPLIANCE STATUS				Explanation	Report Information on Publicly Disclosed Information (Page number, menu name on the website)
		YES	NO	PARTIAL	NOT APPLICABLE		
B12.	The short and long-term targets for reducing the environmental impacts have been determined and the progress compared to previous years' targets has been disclosed.	✓					Kartonsan 2023 Integrated Annual Report, Kartonsan and Environment, page number 50 https://www.kartonsan.com.tr/tr/page.php?id=40
B13.	A strategy to combat the climate crisis has been created and the planned actions have been publicly disclosed.	✓					Kartonsan's Sustainability Policy https://www.kartonsan.com.tr/tr/page.php?id=66 Kartonsan 2023 Integrated Annual Report, Kartonsan and Environment, page number 50 https://www.kartonsan.com.tr/tr/page.php?id=40

	COMPANY COMPLIANCE STATUS				Explanation	Report Information on Publicly Disclosed Information (Page number, menu name on the website)
	YES	NO	PARTIAL	NOT APPLICABLE		
B14.	The programs/ procedures to prevent or minimize the potential negative impact of products and/ or services on the environment have been established and disclosed.	✓			In accordance with Quality, Environment, Energy and Occupational Health and Safety Policy, Kartonsan contributes to its goal of preserving natural resources through improvements in its operations and develops programs to reduce its environmental footprint. Kartonsan discloses its studies and experiences regarding aforementioned policies in Integrated Annual Report every year. In addition, Kartonsan indicates its periodic waste declarations through the electronic declaration system of the Integrated Environmental Information System prepared by the Ministry of Environment.	Kartonsan 2023 Integrated Annual Report page number 12-15, 44-47 https://www.kartonsan.com.tr/tr/page.php?id=40 EÇBS https://ecbs.cevre.gov.tr/
	The actions to reduce greenhouse gas emissions of third parties (suppliers, subcontractors, dealers, etc.) have been carried out and disclosed.		✓		Kartonsan monitors its suppliers with an approach that has internalized comprehensive ESG matters. However, matters regarding greenhouse gas emissions are not included in the abovementioned scope.	
B15.	The environmental benefits/gains and cost savings of initiatives/projects that aims reducing environmental impacts have been disclosed.	✓			Kartonsan discloses the efficiency, savings and improvements it has achieved with its sustainability efforts in its Corporate Reports and Annual Integrated Report regularly to the public.	Kartonsan 2023 Integrated Annual Report page number 12-15, 44-57 https://www.kartonsan.com.tr/tr/page.php?id=40

SUSTAINABILITY PRINCIPLES COMPLIANCE FRAMEWORK

		COMPANY COMPLIANCE STATUS				Explanation	Report Information on Publicly Disclosed Information (Page number, menu name on the website)
		YES	NO	PARTIAL	NOT APPLICABLE		
B16.	The data related to energy consumption (natural gas, diesel, gasoline, LPG, coal, electricity, heating, cooling, etc.) has been disclosed as Scope-1 and Scope-2.	✓					Kartonsan 2023 Integrated Annual Report, Annexes-Kartonsan Performance Indicators https://www.kartonsan.com.tr/tr/page.php?id=40
B17.	The information related to production of electricity, heat, steam and cooling as of the reporting year has been disclosed.	✓					Kartonsan 2023 Integrated Annual Report, Annexes-Kartonsan Performance Indicators https://www.kartonsan.com.tr/tr/page.php?id=40
B18.	The studies related to increase the use of renewable energy and transition to zero/low carbon electricity have been conducted and disclosed.	✓					Kartonsan 2023 Integrated Annual Report, Biomass Power Plant Supply and Installation, page number 50 https://www.kartonsan.com.tr/tr/page.php?id=40
B19.	The renewable energy production and usage data has been publicly disclosed.	✓				Kartonsan does not have renewable energy production and consumption in the reporting period.	
B20.	The Company conducted projects about energy efficiency and the amount of reduction on energy consumption and emission achieved through these projects have been disclosed.	✓				Kartonsan did not have any publicly disclosed energy efficiency projects in 2023.	

		COMPANY COMPLIANCE STATUS				Explanation	Report Information on Publicly Disclosed Information (Page number, menu name on the website)
		YES	NO	PARTIAL	NOT APPLICABLE		
B21.	The water consumption, the amount, procedures and sources of recycled and discharged water from underground or above ground (if any), have been disclosed.	✓					Kartonsan 2023 Integrated Annual Report, Annexes-Kartonsan Performance Indicators https://www.kartonsan.com.tr/tr/page.php?id=40
B22.	The information related to whether Company's operations or activities are included in any carbon pricing system (Emissions Trading System, Cap & Trade or Carbon Tax).	✓				Since the legislation regarding regulating of the carbon pricing system in Turkey has not yet been completed, Kartonsan could not be able to adopt carbon pricing system.	
B23.	The information related to accumulated or purchased carbon credits within the reporting period has been disclosed.	✓				Kartonsan has no carbon credits accumulated or acquired in the reporting period.	
B24.	If carbon pricing is applied within the Company, the details have been disclosed.	✓				Since the legislation regarding regulating of the carbon pricing system in Turkey has not yet been completed, Kartonsan could not be able to implement carbon pricing system.	
B25.	The platforms where the Company discloses its environmental information have been disclosed.	✓				Kartonsan discloses its environmental data to the public as part of the Integrated Annual Reports it publishes on its corporate website.	

SUSTAINABILITY PRINCIPLES COMPLIANCE FRAMEWORK

		COMPANY COMPLIANCE STATUS				Explanation	Report Information on Publicly Disclosed Information (Page number, menu name on the website)
		YES	NO	PARTIAL	NOT APPLICABLE		
C. SOCIAL PRINCIPLES							
C1. Human Rights and Employee Rights							
C1.1.	The Institutional Human Rights and Employee Rights Policy has been established in the light of the Universal Declaration of Human Rights, ILO Conventions ratified by Turkey and other relevant legislation. The policy and the officials that responsible for the implementation of it have been determined and disclosed.	✓				Kartonsan's approach and attitude in the field of human and employee rights is based on global initiatives such as the International Labor Organization (ILO) and the requirements regulating working life in Turkey. Kartonsan develops a policy accordingly and presents all the activities it has implemented in accordance with these principles with the public through its Integrated Annual Reports.	Kartonsan's corporate website annual report section https://www.kartonsan.com.tr/tr/page.php?id=40 Corruption and Policy on Human Rights https://www.kartonsan.com.tr/files/2022/Kartonsan_Etik_Ilkeler.pdf
C1.2.	Considering the effects of supply and value chain, fair workforce, improvement of labor standards, women's employment and inclusion issues (gender, race, religion, language, marital status, ethnic identity, sexual orientation, gender identity, family responsibilities, union activities, political opinion, disability, social and cultural differences, etc., such as non-discrimination) are included in its policy on employee rights.	✓					Kartonsan's Sustainability Policy https://www.kartonsan.com.tr/tr/page.php?id=66

		COMPANY COMPLIANCE STATUS				Explanation	Report Information on Publicly Disclosed Information (Page number, menu name on the website)
		YES	NO	PARTIAL	NOT APPLICABLE		
C1.3.	The measures taken for the minority rights/equality of opportunity or the ones who are sensitive about certain economic, environmental, social factors (low income groups, women, etc.) along the supply chain have been disclosed.	✓					Kartonsan 2023 Integrated Annual Report page number 11-15, 27, 41-54 https://www.kartonsan.com.tr/tr/page.php?id=40
C1.4.	The developments regarding preventive and corrective practices against discrimination, inequality, human rights violations, forced and child labor have been disclosed.	✓				Kartonsan did not experience any violations in the relevant matters during the reporting period. On the other hand, Kartonsan has not received any information regarding a violation in these matters in Kartonsan's supply chain mechanism.	Kartonsan's Sustainability Policy https://www.kartonsan.com.tr/tr/page.php?id=66 Kartonsan's Ethical Principles on Preventing Corruption and Policy on Human Rights https://www.kartonsan.com.tr/files/2022/Kartonsan_Etik_Ilkeler.pdf

SUSTAINABILITY PRINCIPLES COMPLIANCE FRAMEWORK

	COMPANY COMPLIANCE STATUS				Explanation	Report Information on Publicly Disclosed Information (Page number, menu name on the website)
	YES	NO	PARTIAL	NOT APPLICABLE		
	Investments in employees (education, development policies), compensation, fringe benefits, right to unionize, work/life balance solutions and talent management are included in the employee rights policy.	✓			Kartonsan has disclosed employee rights generally in its company policies and explained it in detail in its corporate directives.	Kartonsan's Sustainability Policy https://www.kartonsan.com.tr/tr/page.php?id=66 Kartonsan's Policy on Quality, the Environment, Energy and Occupational Health and Safety
C1.5.	The mechanism for employee complaints and resolution of disputes have been established and related solution processes have been determined.	✓			Kartonsan has established the resolution of employee complaints and disputes mechanisms. The details regarding these matters are included in the Employee Handbook, which employees access via the Company intranet portal. Furthermore, Kartonsan's Ethical Principles on Preventing Corruption and Policy on Human Rights also displays the general framework on these matters.	Kartonsan's Ethical Principles on Preventing Corruption and Policy on Human Rights https://www.kartonsan.com.tr/files/2022/Kartonsan_Etik_Ilkeler.pdf
	The activities carried out within the reporting period which related to ensure employee satisfaction have been disclosed.	✓				Kartonsan 2023 Integrated Annual Report, Annexes- Kartonsan Performance Indicators https://www.kartonsan.com.tr/tr/page.php?id=40

		COMPANY COMPLIANCE STATUS				Explanation	Report Information on Publicly Disclosed Information (Page number, menu name on the website)
		YES	NO	PARTIAL	NOT APPLICABLE		
C1.6.	The occupational health and safety policies have been established and disclosed.	✓					Kartonsan's Policy on Quality, the Environment, Energy and Occupational Health and Safety https://www.kartonsan.com.tr/en/page.php?id=18
	The measures taken for protecting health, preventing occupational accidents and related statistics have been disclosed.	✓					Kartonsan 2023 Integrated Annual Report, Annexes-Kartonsan Performance Indicators https://www.kartonsan.com.tr/tr/page.php?id=40
C1.7.	The personal data protection and data security policies have been established and disclosed.	✓					Personal Data Retention and Disposal Policy https://www.kartonsan.com.tr/files/2022/Kisisel_Veri_Saklama_Imha_Politikasi.pdf
C1.8.	The ethics policy have been established and disclosed.	✓					Kartonsan's Ethical Principles on Preventing Corruption and Policy on Human Rights https://www.kartonsan.com.tr/files/2022/Kartonsan_Etik_Ilkeler.pdf
C1.9.	The studies related to social investment, social responsibility, financial inclusivity and access to finance have been explained.			✓			

SUSTAINABILITY PRINCIPLES COMPLIANCE FRAMEWORK

		COMPANY COMPLIANCE STATUS				Explanation	Report Information on Publicly Disclosed Information (Page number, menu name on the website)
		YES	NO	PARTIAL	NOT APPLICABLE		
C1.10.	The informative meetings and training programs related to ESG policies and practices have been organized for employees.	✓				Kartonsan employees can access the relevant information on the Company's intranet portal.	
C2. Stakeholders, International Standards and Initiatives							
C2.1.	The customer satisfaction policy regarding the management and resolution of customer complaints has been prepared and disclosed.	✓				Kartonsan does not have a publicly disclosed customer satisfaction policy. The processes related to the management and resolution of customer complaints are structured for Kartonsan and Kartonsan implements the mechanism regularly.	Kartonsan 2023 Integrated Annual Report, Customer complaints handling and resolution, page number 45 https://www.kartonsan.com.tr/tr/page.php?id=40
C2.2.	The information about the communication with stakeholders (which stakeholder, subject and frequency) have been disclosed.	✓					Kartonsan 2023 Integrated Annual Report, Stakeholder Communication page number 28-29 https://www.kartonsan.com.tr/tr/page.php?id=40
C2.3.	The international reporting standards that adopted in reporting have been explained.	✓					Kartonsan 2023 Integrated Annual Report, Stakeholder Communication page number 28-29 https://www.kartonsan.com.tr/tr/page.php?id=40
C2.4.	The principles adopted regarding sustainability, the signatory or member international organizations, committees and principles have been disclosed.	✓					Kartonsan 2023 Integrated Annual Report, Stakeholder Communication page number 28-29 https://www.kartonsan.com.tr/tr/page.php?id=40

		COMPANY COMPLIANCE STATUS				Explanation	Report Information on Publicly Disclosed Information (Page number, menu name on the website)
		YES	NO	PARTIAL	NOT APPLICABLE		
C2.5.	The improvements have been made and studies have been carried out in order to be included in the Borsa Istanbul sustainability indices and/or international index providers.		✓			Kartonsan is not included in the sustainability indexes of Borsa Istanbul and/or global sustainability index providers.	
D. CORPORATE GOVERNANCE PRINCIPLES							
D1.	The opinions of stakeholders have been sought in the determination of measures and strategies related to sustainability field.	✓					Kartonsan 2023 Integrated Annual Report, Stakeholder Communication page number 28-29 https://www.kartonsan.com.tr/tr/page.php?id=40
D2.	The social responsibility projects, awareness activities and trainings have been carried out to raise awareness about sustainability and its importance.	✓					Kartonsan 2023 Integrated Annual Report, Stakeholder Communication page number 28-29 https://www.kartonsan.com.tr/tr/page.php?id=40

GRI INDEX


**CONTENT INDEX
ESSENTIALS SERVICE**
2024

For the Content Index - Essentials Service, GRI Services reviewed that the GRI content index has been presented in a way consistent with the requirements for reporting in accordance with the GRI Standards, and that the information in the index is clearly presented and accessible to the stakeholders. The service was performed on the Turkish version of the Report.

STATEMENT OF USE	Kartonsan Karton Sanayi ve Ticaret A.Ş. has reported in accordance with the GRI Standards for the period 01.01.2023-31.12.2023.
GRI 1 USED	GRI 1: Foundation 2021
APPLICABLE GRI SECTOR STANDARD(S)	N/A

GRI STANDARD	DISCLOSURE	LOCATION
GRI 2: GENERAL DISCLOSURES 2021	GENERAL DISCLOSURES	
	2-1 Organizational details	Corporate Profile, Page: 5 About Kartonsan Page: 7 Other Information and Matters that must be Explained Pursuant to the Legislation, Page: 142-143
	2-2 Entities included in the organization's sustainability reporting	About the Report, Page: 1
	2-3 Reporting period, frequency and contact point	01.01.2023-31.12.2023 Annual Başak Kaya, Chief Manager of Human Resources and Quality Systems sbasak.kaya@kartonsan.com.tr
	2-4 Restatements of information	There are no restatements of information.
	2-5 External assurance	Limited Assurance Report, Page: 74-75
	2-6 Activities, value chain and other business relationships	Corporate Profile, Page: 5 About Kartonsan, Page: 7
	2-7 Employees	Employee Demographics, Page: 175-176
	2-8 Workers who are not employees	Social Performance, Page: 176-177
	2-9 Governance structure and composition	Corporate Governance at Kartonsan, Page: 40-42 , Disclosure Policy, Page: 152-155
	2-10 Nomination and selection of the highest governance body	Board of Directors, Page: 160-161
	2-11 Chair of the highest governance body	Board of Directors, Page: 162
	2-12 Role of the highest governance body in overseeing the management of impacts	Duties and Powers of the Board of Directors and Transfer of Rights, Page: 160
	2-13 Delegation of responsibility for managing impacts	Corporate Governance at Kartonsan, Page: 40-42 Kartonsan's Sustainability Policy, Page: 44-46 Duties and Powers of the Board of Directors and Transfer of Rights, Page: 160
	2-14 Role of the highest governance body in sustainability reporting	Corporate Governance at Kartonsan, Page: 40-42 Kartonsan's Sustainability Policy, Page: 44-46 Duties and Powers of the Board of Directors and Transfer of Rights, Page: 160
	2-15 Conflicts of interest	Other Information and Matters that Must Be Explained Pursuant to the Legislation, Page: 159
	2-16 Communication of critical concerns	Disclosure Policy, Page: 152-155

GRI STANDARD	DISCLOSURE	LOCATION
GRI 2: GENERAL DISCLOSURES 2021	2-17 Collective knowledge of the highest governance body	Corporate Governance at Kartonsan, Page: 40-42 Board of Directors, Page: 160
	2-18 Evaluation of the performance of the highest governance body	Corporate Governance at Kartonsan, Page: 40-42
	2-19 Remuneration policies	Financial Rights Granted to the Members of the Board of Directors, Page: 161
	2-20 Process to determine remuneration	Financial Rights Granted to the Members of the Board of Directors, Page: 161
	2-21 Annual total compensation ratio	Financial Rights Granted to the Members of the Board of Directors, Page: 161
	2-22 Statement on sustainable development strategy	Kartonsan's Sustainability Strategy, Page: 43
	2-23 Policy commitments	Kartonsan's Sustainability Policy, Page: 44-46
	2-24 Embedding policy commitments	Kartonsan's Sustainability Policy, Page: 44-46
	2-25 Processes to remediate negative impacts	Kartonsan's Sustainability Policy, Page: 44-46
	2-26 Mechanisms for seeking advice and raising concerns	Overall Review of the Year 2023 and Achievements, Page: 53
	2-27 Compliance with laws and regulations	Corporate Governance at Kartonsan, Page: 41 https://www.kap.org.tr/tr/BildirimPdf/1294595
	2-28 Membership associations	Corporate Memberships and Collaborations of Kartonsan, Page: 6
	2-29 Approach to stakeholder engagement	Stakeholder Communication, Page: 34-37
	2-30 Collective bargaining agreements	Kartonsan and Human Resources, Page: 65 Other Information and Matters that must be Explained Pursuant to the Legislation, Page: 150

GRI INDEX

GRI STANDARD	DISCLOSURE	LOCATION
MATERIAL TOPICS		
GRI 3: MATERIAL TOPICS 2021	3-1 Process to determine material topics	Stakeholder Communication/Stakeholder Analysis Study, Page: 34
	3-2 List of material topics	Stakeholder Communication/ The Connection Between Material Issues and ESG Matters, Page: 36-37
PRODUCT QUALITY AND SAFETY/ RESPONSIBLE CONSUMPTION AND PRODUCTION		
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Stakeholder Communication, Page: 34-37
GRI 416: Customer Health and Safety 2016	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	There are no incidents of non-compliance concerning the health and safety impacts of products and services during the reporting period.
WATER AND WASTE WATER MANAGEMENT		
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Stakeholder Communication, Page: 34-37
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Kartonsan and Environment, Page: 60-61 Environmental Performance, Page: 173
	303-2 Management of water discharge-related impacts	Kartonsan and Environment, Page: 60-61 Environmental Performance, Page: 173
	303-3 Water withdrawal	Kartonsan and Environment, Page: 60-61 Environmental Performance, Page: 173
	303-4 Water discharge	Kartonsan and Environment, Page: 60-61 Environmental Performance, Page: 173
	303-5 Water consumption	Kartonsan and Environment, Page: 60-61 Environmental Performance, Page: 173
RECYCLING OF WASTE		
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Stakeholder Communication, Page: 34-37
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Value Creation Model, Page: 48-49
		Kartonsan and Environment, Page: 62-63 Environmental Performance, Page: 173
	306-2 Management of significant waste-related impacts	Value Creation Model, Page: 48-49
		Kartonsan and Environment, Page: 62-63 Environmental Performance, Page: 173
	306-3 Waste generated	Value Creation Model, Page: 48-49
		Kartonsan and Environment, Page: 62-63 Environmental Performance, Page: 173
	306-4 Waste diverted from disposal	Value Creation Model, Page: 48-49
		Kartonsan and Environment, Page: 62-63 Environmental Performance, Page: 173
	306-5 Waste directed to disposal	Value Creation Model, Page: 48-49
		Kartonsan and Environment, Page: 62-63 Environmental Performance, Page: 173

GRI STANDARD	DISCLOSURE	LOCATION
RESILIENCE		
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Stakeholder Communication, Page: 34-37
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Overall Review of the Year 2023 and Achievements, Page: 51-56
PRODUCT INNOVATION/ECONOMIC AND CLEAN ENERGY USE/TACKLING CLIMATE CHANGE		
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Stakeholder Communication, Page: 34-37
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Value Creation Model, Page: 48-49 Environmental Performance, Page: 173
	301-2 Recycled input materials used	Value Creation Model, Page: 48-49 Environmental Performance, Page: 173
	301-3 Reclaimed products and their packaging materials	Value Creation Model, Page: 48-49 Environmental Performance, Page: 173
	302-1 Energy consumption within the organization	Value Creation Model, Page: 48-49 Environmental Performance, Page: 173
GRI 302: Energy 2016	302-2 Energy consumption outside of the organization	Value Creation Model, Page: 48-49 Environmental Performance, Page: 173
	302-4 Reduction of energy consumption	Stakeholder Communication, Page: 37 Overall Review of the Year 2023 and Achievements, Page: 55-56
	302-5 Reductions in energy requirements of products and services	Stakeholder Communication, Page: 37 Overall Review of the Year 2023 and Achievements, Page: 55-56
	305-1 Direct (Scope 1) GHG emissions	Environmental Performance, Page: 173
GRI 305: Emissions 2016	305-2 Energy indirect (Scope 2) GHG emissions	Environmental Performance, Page: 173
	305-5 Reduction of GHG emissions	Kartonsan and Environment, Page: 58-61
CAREER DEVELOPMENT AND EMPLOYMENT OPPORTUNITIES		
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Stakeholder Communication, Page: 34-37
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Kartonsan and Human Resources, Page: 64-65 Social Performance, Page: 176-177
	404-2 Programs for upgrading employee skills and transition assistance programs	Kartonsan and Human Resources, Page: 64-65 Social Performance, Page: 176-177
	404-3 Percentage of employees receiving regular performance and career development reviews	Kartonsan and Human Resources, Page: 64-65 Social Performance, Page: 176-177

GRI INDEX

GRI STANDARD	DISCLOSURE	LOCATION
OCCUPATIONAL HEALTH AND SAFETY		
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Stakeholder Communication, Page: 34-37
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Occupational Health and Safety at Kartonsan, Page: 64-65 Other Information and Matters that must be Explained Pursuant to the Legislation, Page: 151 https://www.kartonsan.com.tr/en/page.php?id=18
	403-3 Occupational health services	Occupational Health and Safety at Kartonsan, Page: 66-67
	403-5 Worker training on occupational health and safety	Occupational Health and Safety at Kartonsan, Page: 66-67 Social Performance, Page: 176-177
	403-8 Workers covered by an occupational health and safety management system	Occupational Health and Safety at Kartonsan, Page: 66-67 Social Performance, Page: 176-177
	403-9 Work-related injuries	Occupational Health and Safety at Kartonsan, Page: 66-67 Social Performance, Page: 176-177
	403-10 Work-related ill health	Occupational Health and Safety at Kartonsan, Page: 66-67 Social Performance, Page: 176-177
SUSTAINABLE MANAGEMENT OF FORESTS		
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Stakeholder Communication, Page: 34-37
GRI 304: Biodiversity 2016	304-2 Significant impacts of activities, products and services on biodiversity	Kartonsan and Environment, Page: 59
CONTRIBUTION TO SOCIETY		
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Stakeholder Communication, Page: 34-37
HUMAN RIGHTS		
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Stakeholder Communication, Page: 34-37
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Employee Demographics, Page: 175-176
	401-3 Parental leave	Employee Demographics, Page: 176
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	Kartonsan and Human Resources, Page: 64-65
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Kartonsan and Human Resources, Page: 64-65 There were no incidents of discrimination during the reporting period.
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Kartonsan and Human Resources, Page: 64-65 Other Information and Matters that must be Explained Pursuant to the Legislation, Page: 150
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Kartonsan does not employ child labor. During the reporting period, no child labor risk was observed in Kartonsan operations. The same principle is also observed in the supplier audit process and no risk factor has been encountered.

GRI STANDARD	DISCLOSURE	LOCATION
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	During the reporting period, no risk of forced or compulsory labor was observed in Kartonsan operations. The same principle is also observed in the supplier audit process and no risk factor has been encountered.
HIGH STANDARDS OF OPERATION IN THE SUPPLY CHAIN		
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Stakeholder Communication, Page: 34-37
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Value Creation Model, Page: 48-49 Overall Review of the Year 2023 and Achievements, Page: 54
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Overall Review of the Year 2023 and Achievements, Page: 54 Social Performance, Page: 177
	308-2 Negative environmental impacts in the supply chain and actions taken	Overall Review of the Year 2023 and Achievements, Page: 54
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Overall Review of the Year 2023 and Achievements, Page: 54 Social Performance, Page: 177
	414-2 Negative social impacts in the supply chain and actions taken	Overall Review of the Year 2023 and Achievements, Page: 54 Social Performance, Page: 177
DATA SECURITY		
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	There were no substantiated complaints regarding breach of customer privacy and loss of customer data during the reporting period.
DIVERSITY AND INCLUSION		
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Stakeholder Communication, Page: 34-37 Kartonsan Board of Directors, Page: 19
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Executive Management of Kartonsan and Affiliated Companies, Page: 20-21 Corporate Governance at Kartonsan, Page: 40-42 Board of Directors, Page: 162
TRANSPARENCY AND WORK ETHICS		
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Stakeholder Communication, Page: 34-37

GRI INDEX

GRI STANDARD	DISCLOSURE	LOCATION
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Corporate Governance at Kartonsan, Page: 40-41 https://www.kartonsan.com.tr/files/2022/Kartonsan_Etik_Ilkeler.pdf
	205-2 Communication and training about anti-corruption policies and procedures	Corporate Governance at Kartonsan, Page: 40-41 https://www.kartonsan.com.tr/files/2022/Kartonsan_Etik_Ilkeler.pdf
	205-3 Confirmed incidents of corruption and actions taken	Corporate Governance at Kartonsan, Page: 40-41 There were no confirmed incidents of corruption during the reporting period.
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	There were no legal actions for anti-competitive behavior, anti-trust, and monopoly practices taken during the reporting period.
RESPONSIBLE MARKETING AND PRODUCT TRANSPARENCY		
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Stakeholder Communication, Page: 34-37
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	100% of Kartonsan products are labeled in accordance with legal regulations.
	417-2 Incidents of non-compliance concerning product and service information and labeling	There were no incidents of non-compliance concerning product and service information and labeling during the reporting period.
	417-3 Incidents of non-compliance concerning marketing communications	There were no incidents of non-compliance concerning marketing communications during the reporting period.
NON-MATERIAL TOPICS		
ECONOMIC PERFORMANCE		
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Stakeholder Communication, Page: 34-37
GRI 201: Economic Performance 2016		2023 Key Performance Indicators, Page: 10-11
	201-1 Direct economic value generated and distributed	Value Creation Model, Page: 48-49 Economic Performance, Page: 174
	201-3 Defined benefit plan obligations and other retirement plans	Notes to the Consolidated Financial Statements, Note 16 – Employee Benefits Page: 121-123
	201-4 Financial assistance received from government	There was no financial assistance received from government during the reporting period.

GRI STANDARD	DISCLOSURE	LOCATION
INDIRECT ECONOMIC IMPACTS		
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Stakeholder Communication, Page: 34-37
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Value Creation Model, Page: 48-49
	203-2 Significant indirect economic impacts	Value Creation Model, Page: 48-49
TAX		
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Stakeholder Communication, Page: 34-37
GRI 207: Tax 2019	207-1 Approach to tax	Kartonsan's Sustainability Policy, Page: 44-46
	207-4 Country-by-country reporting	Notes to the Consolidated Financial Statements, Note 25 - Income Taxes (Deferred Tax Assets and Liabilities Included) Page: 129-139
PUBLIC POLICY		
GRI 3: MATERIAL TOPICS 2021	3-3 Management of material topics	Stakeholder Communication, Page: 34-37
GRI 415: Public Policy 2016	415-1 Political contributions	Kartonsan does not support any political institution.

INFORMATION TO SHAREHOLDERS

Stock Market

The shares of Kartonsan A.Ş. are traded on the BIST STARS market of Borsa İstanbul A.Ş. (BİST) with the symbol KARTN. Information regarding the shares is published in the economy sections of daily newspapers and the internet portals of investment companies.

Annual Report

Kartonsan's annual reports and other information can be obtained from the company's website at www.kartonsan.com.tr.

Kartonsan Investor Relations

Prof. Bülent Tarcan Caddesi Engin Pak İş Merkezi No: 5 Kat: 3 Gayrettepe 34349 İstanbul

General Assembly Meeting

As of the date of preparation of the Integrated Annual Report, no decision has been taken regarding the Ordinary General Assembly meeting, and the date of the meeting has not been finalized. The date, place and agenda of the Ordinary General Assembly meeting will be announced on the Public Disclosure Platform and the company website when finalized.

Independent Auditor

GÜRELİ YEMİNLİ MALİ MÜŞAVİRLİK VE BAĞIMSIZ DENETİM HİZMETLERİ A.Ş.
Spine Tower Büyükdere Cad. No: 243 Kat: 25-26 34398
Sarıyer/İstanbul Tel: (212) 285 01 50 Faks: (212) 285 03 40

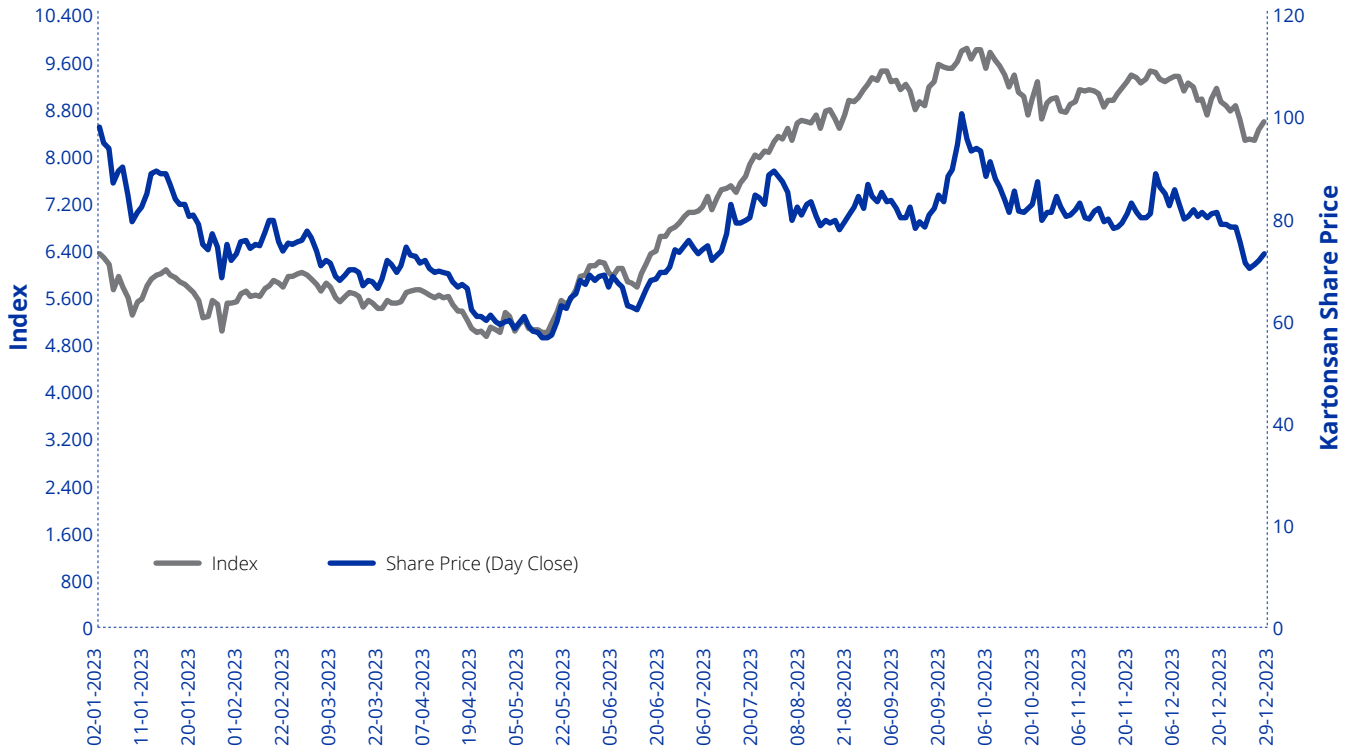
Tax Certification

GÜRELİ YEMİNLİ MALİ MÜŞAVİRLİK VE BAĞIMSIZ DENETİM HİZMETLERİ A.Ş.
Spine Tower Büyükdere Cad. No: 243 Kat: 25-26 34398
Sarıyer/İstanbul Tel: (212) 285 01 50 Faks: (212) 285 03 40

Kartonsan Hisse Senedinin 2023 yılı Performansı

Period		Lowest (TL)	Highest (TL)
1/2/2023	3/31/2023	65.71	97.98
4/3/2023	6/27/2023	55.75	74.00
7/3/2023	9/29/2023	69.00	94.40
10/2/2023	12/29/2023	69.60	100.70

Kartonsan's paid-in capital as of the end of 2023 was TL 75,000,000. The company's capital is divided into 7,500,000,000.- shares, of which 5,287 are Class A and 7,499,994,713 are Class B. The lowest price of the Kartonsan stock during the year was TL 55.75, and the highest price was TL 100.70. The average price of the stock in 2023 was TL 76.22. The lowest and highest prices of the stock are shown in the table above.

STOCK PERFORMANCE OF KARTONSAN IN 2023 (COMPARED TO BIST GENERAL INDEX)

NOTES

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Prof. Dr. Bülent Tarcan Caddesi No: 5 Engin Pak İş Merkezi,
Kat: 3, Gayrettepe 34349, İstanbul, Türkiye

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