

2024 Annual Report



Agenda

KARTONSAN KARTON SANAYİ VE TİCARET A.Ş.

AGENDA FOR THE 2024 ANNUAL GENERAL ASSEMBLY TO BE HELD ON 28 MARCH 2025

1. Opening and Election of the Presidential Committee,
2. Reading and Discussing the Annual Report of the Board of Directors for 2024 Operations,
3. Reading and Discussing the Independent Auditors' Report on 2024 Operations,
4. Reading, Discussing and Approval of the 2024 Balance Sheet and Income Statement,
5. Releasing the Members of the Board of Directors from their Liabilities for 2024 Operations,
6. Providing Information about Donations Made in 2024 and Setting an Upper Limit on such Donations in 2025,
7. Presentation of the Board of Directors' Proposal Concerning Distribution of 2024 Profit (Proposal Not to Distribute Profit Due to Loss in Legal Records), Discussion of any Changes, Approval or Rejection of the Proposal
8. Election and Approval of the Members of the Board of Directors, with at Least 1/3 of the Total Members Being Independent Members, in Accordance with the Corporate Governance Principles of the Capital Markets Board
9. Determining the Remuneration of the Members of the Board of Directors
10. Presentation of the Remuneration Principles of the Members of Directors and Senior Executives to the General Assembly
11. Presentation of the Independent Auditors Selected by the Board of Directors to Audit the Company's 2025 Financial Statements and Reports in Accordance with the Capital Markets Law (Statute 6362) and Approval of the Auditors Pursuant to the Turkish Commercial Code (Statute 6102)
12. Presentation of the Authorization of Shareholders, Board of Director Members, Senior Executives, their Spouses and Relatives Related by Blood or Affinity up to the Second Degree and Transactions That May Involve Conflicts of Interest or Compete with the Company or its Subsidiaries Pursuant to Articles 395 and 396 of the Turkish Commercial Code and to Relevant Capital Markets Laws and Regulations and Obtaining the General Assembly's Approval for those Individuals' Involvement in such Dealings,
13. Discussion on Offsetting the Inflation Adjustment Differences of Equity Items in the Company's Statutory Records Against Prior Years' Losses Arising from Inflation Adjustment,
14. Requests and Comments.

To access Kartonsan's annual report click the link below:

www.kartonsan.com.tr



KARTONSAN KARTON SANAYİ VE TİCARET A.Ş.

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İstanbul Trade Registry

Registry Number: 95869-0

Mersis Number: 0526005749100010

Kartonsan has initiated preparations for the 2024 Sustainability Report within the scope of the Türkiye Sustainability Reporting Standards (TSRS) and plans to share it with the public in accordance with the framework specified in the related communiqué.

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Company Overview

Kartonsan has environment-friendly production processes. The Company executes well-rounded practices that aim to minimize the possibility of negative impacts of its operating cycle on natural environment.

One of the pioneering private-sector ventures in Turkey's industrial landscape, Kartonsan was founded in 1967. With its production might, sound financial structure, and superior quality standards, Kartonsan is a respected corporate citizen, an industrial giant, and an exemplary recycler.

During the reporting period, Kartonsan's market share was 30%.

Kartonsan was the first privately-owned coated cardboard manufacturer established in Turkey.

As the industry leader of coated cardboard in Turkey, Kartonsan is one step ahead with its high usage of waste paper in production, environment friendly modern production technologies and its lean management structure as well as its contribution to Turkish economy in terms of employment.

Turkey's first privately-owned coated cardboard manufacturer originally established as a bold and courageous venture back when the only company that made paper in the country was owned by the state, Kartonsan today is a success story more than half century old.

In its 57th year of operation, Kartonsan acts with the sectoral responsibility it assumes; balancing its stakeholders' economic interests with social responsibility and carried forward its pioneering and modeling corporate citizen identity.

A leading participant in export markets

Kartonsan contributes added value to the Turkish economy through its exports. As a dynamic and agile company, Kartonsan has carried its brand to new markets over the years. Kartonsan has internalized innovations in its sector within its production cycle. With its superior-quality, eco-friendly products, and commitment to long-term customer relationships, the company ranks among the leading players in the international coated cardboard

market. Exports accounted for a 21% share of Kartonsan's total sales in 2024.

Kartonsan products add value to every aspect of people's lives.

Kartonsan-made varieties of coated cardboard show up in many different areas of our everyday lives. They're used as packaging for foods, pharmaceuticals, detergents, matches, perfumes, textiles, stationery, glassware, and small home appliances, as book and notebook covers, and as corrugated lamination. Wherever they appear and however they are used, they add value to people's lives.

Kartonsan's huge range of coated cardboards touches millions of consumers' lives. The company distinguishes itself and is a preferred manufacturer because of its quality standards, commitment to customer satisfaction, and production, commercial, and logistical strengths.

Environmental wellbeing-focused production processes

Kartonsan has environment-friendly production processes. The Company executes well-rounded practices that aim to minimize the possibility of negative impacts of its operating cycle on natural environment. Kartonsan uses the maximum quantity of waste paper possible in its production process and generating its own energy. According to end-2024 figures, about 93% of the inputs in Kartonsan's coated cardboard manufacturing consist of recovered and recycled waste paper. Besides generating its own electricity and recovering turbine exhaust gases to generate its own steam, the company also makes use of state-

of-the-art technologies to reclaim, treat, and reuse the water that goes into its production processes.

A producer which internalized sustainability

Stakeholders' interest and sustainable total performance are corporate priorities that Kartonsan observes in economic and commercial cycle. Furthermore, Kartonsan has adopted ESG (economic, social and governance) sustainability as components of a long-term, healthy and profitable performance and shaped its corporate strategy accordingly.

Market experience and knowhow, production power based on modern technology and qualified human resources are among the most significant focal points in shaping Kartonsan's competitive edge.

Kartonsan also contributes to society with its social impact projects.

Kartonsan executes various social responsibility projects, particularly in education, contributes to our country's macroeconomic structure with its corporate taxes, employment and exports, and shares its production with a wide range of its stakeholders.

Strong and continuous shareholder support

The main shareholder of Kartonsan is Pak Group with a 78.14% share. The Company went public in 1986 and its shares are traded in Borsa İstanbul (BIST) National Market with the ticker "KARTN". Information on performance of Kartonsan stocks in 2024 is presented at the last page of this report.

Kartonsan Shareholding Structure (31 December 2024)	Paid-in Capital (TL)	Share (%)
Pak Holding A.Ş.	25,790,930	34.39
Asil Holding A.Ş.	18,337,579	24.45
Pak Gıda Üretim ve Pazarlama A.Ş.	14,468,564	19.29
Oycan İthalat İhracat ve Ticaret A.Ş.	10,654	0.01
Other (Publicly-held)	16,392,273	21.86





Kartonsan was established in 1967 as one of Turkey's leading private sector enterprises. With its production power, sound financial structure, and high quality standards, the company holds a respected position as a corporate citizen, a strong industrial facility, and a model recycling hub.

Kartonsan in Numbers

Kartonsan products add value to people's lives in more than 25 countries.

One of the leading coated cardboard manufacturers in Europe, Kartonsan exports its products to more than 25 countries across three continents. Spain, Greece, Russia, Bulgaria, Romania and Italy and constitute a significant percentage of Kartonsan's foreign market portfolio.



For Environmentally Respectful Production

The proportion of waste paper that Kartonsan uses in its production processes is above the European average. In a sense this makes Kartonsan a recycling company as well as a manufacturing concern.

Kartonsan Factory

Site Area

101,270 m²

Indoor Site Area

337,390 m²

Open Site Area

438,660 m²

Total Site Area

Production Lines and Annual Production Capacity

BM2: 160,000 tons/year

Annual Production Capacity

Electricity Generation Capacity

528,000 KWh/day

Daily Electricity Generation

193 million KWh/year

Annual Electricity Generation

18 million KWh/year

Sellable Electrical Energy

Product Range

Normprint

Normprint-Liner

Exprint

Luxtriplex

Waste Treatment Plant Installed Capacity

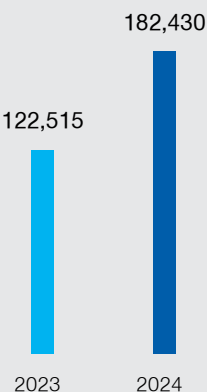
10,000 m³/day

Grinding Capacity

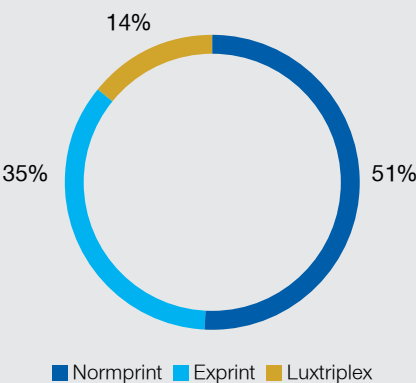
2,650 m²/year

Annual Grinding Capacity

Total Production
(thousand tons - gross)



Total Production
(%)



Since 1967: Kartonsan

Kartonsan: A private enterprise success story

Kartonsan's corporate history starts with the groundbreaking of its plant in Başiskele Kocaeli in 1967. Providing the first domestic coated cardboard to Turkish market in 1970, Kartonsan carried its success story beyond turkey's borders and positioned itself as one of the leader producers in Europe.



1970

Kartonsan started its production as the first privately owned coated cardboard factory of Turkey.

1980-1986

Increasing its capacity over years, Kartonsan started to work on the project of its second production line BM2. In 1985, Kartonsan waste treatment facilities have started operations.

With the start of BM2 line's operations in 1986, Kartonsan's production capacity increased by 160%.

In 1986 Kartonsan went public and the Company's stocks have started to be traded on BIST national market.

1993

Computer-controlled production lines are installed. The BM2 line's production capacity is increased to 300 tons/day through additional investments and plant optimization.

1995-1997

In 1995, Kartonsan started generating its own electricity with the three turbines powered by natural gas and fuel oil. Additionally, it started to generate steam through waste heat boilers. In 1997, with

the addition of a turbo-generator and waste heat boiler 19.2 MW power has been achieved at the power plant.

2002

The expansion project at Kartonsan treatment facility has been completed.

2003

Kartonsan started selling the surplus electrical power that it generates to the national grid. Kartonsan's integrated management system (ISO 9001 Quality Management System + ISO 14001 Environmental Management System + OHSAS 18001 Occupational Health & Safety Management System) was audited and approved by Bureau Veritas.

2006

Kartonsan's pulp preparation operations are augmented with the addition of a bleaching plant. This was an important step toward the direction of environment-friendly manufacturing by significantly increasing the amount of recyclable waste paper to be used in the Company's production.

2009

Through a successfully managed project, production capacity of BM1 was increased by 50% and total production capacity of Kartonsan reached 180 thousand tons.

2010

Projects were launched to obtain Paper by Nature and FSC-CoC certifications in recognition of Kartonsan's commitment to environmental awareness and to the support of sustainable resource use.

2012-2013

A Letter of Intent for EUR 16 million was signed with the Austrian Andritz AG to finance an investment to increase the capacity of BM2 by approximately 50% and the project has continued in 2013.

Projects related with FSC-CoC certification and transition to SAP were completed. The system was launched in 2013.

2014

The project for BM2 capacity improvement was finalized in 2014 and Kartonsan's production capacity increased by 60% in the BM2 line, with a total capacity increase of 30%.

Within the scope of expansionary investment, checks on the use of energy and natural resources were completed and improvements were realized on decreasing the use of steam.



Within the scope of the regulation on the follow-up of greenhouse gas emissions, a plan has been developed to follow greenhouse gas emissions resulting from Kartonsan's activities, and this plan was submitted to the Ministry of Environment and Urban Development.

With the MBR system the Company moved up a step higher and fresh water consumption has been significantly decreased.

2015

2015 was a year of optimizing the investment in the expansion and modernization of the Company, and the relevant work has been done.

Energy Management team was formed and activities have started for the requirements of ISO 50001 Energy Management System. After the inspection of Bureau Veritas, the Company was qualified to receive ISO 50001 Energy Management System certificate.

2016

Lean management activities were initiated which would provide important contributions to the various areas from production to customer satisfaction.

2017

At its 50th anniversary, Kartonsan reached the highest sales quantity and turnover of all times.

2018

While rapidly completing its efficiency projects which have key importance for Kartonsan, the Company maintained its leadership and continued its strong existence in export markets.

2019

Kartonsan, which presses ahead with its projects with a focus on increasing efficiency and growth built on its strong foundations, posted a further improvement in its performance in the production trade cycle thanks to the initiatives it has undertaken and the right decisions it has made.

2020

As a result of the strict Covid-19 measures that Kartonsan put into effect in 2020, the company was able to continue carrying out its manufacturing and trading operations without interruption by successfully countering the potential adverse impact of a global health crisis on its performance. Kartonsan's focus on protecting its human resources from the ravages of the Covid-19 pandemic qualified it for TSE Covid-19 Safe-Production certification.

2021

Kartonsan, which achieved successful financial and operational performance, took significant steps in internalizing sustainability. It shared its first integrated annual report with the public, aligned with the IR and GRI frameworks.

2022

In its 55th year, Kartonsan played a role in the daily lives of hundreds of millions of people with its products sold in over 20 countries, making a sustainable contribution to the Turkish economy through exports.

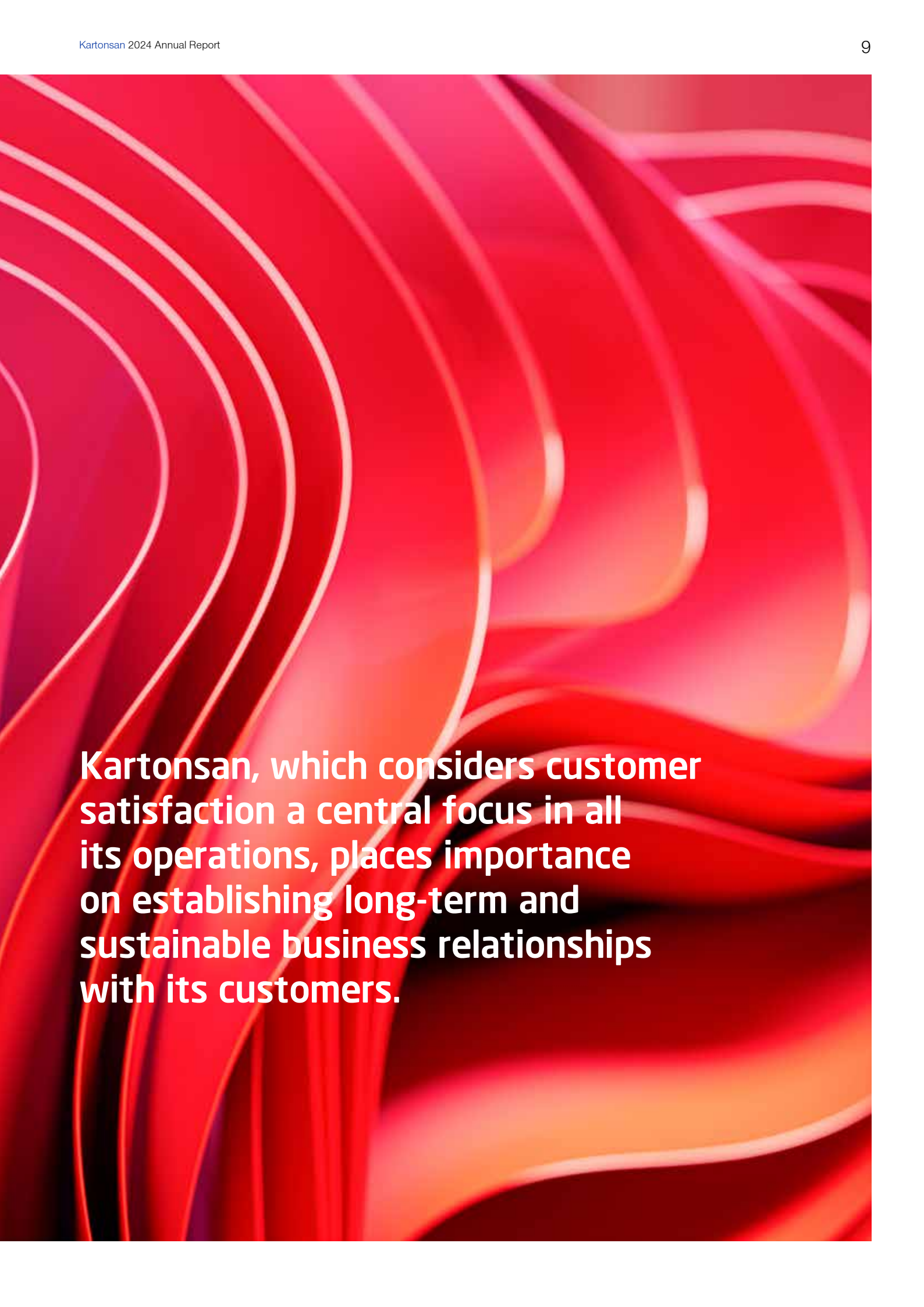
2023

The strike process that began in the last quarter of 2022 at Kartonsan ended on 10 April 2023, and production resumed at its Başiskele, Kocaeli facility.

2024

The KM1 line, which had been in operation for over 50 years, was permanently shut down due to loss of efficiency relative to new-generation carton production technologies. The company Dönkasan, which operates in waste paper trading, was merged with Kartonsan.





Kartonsan, which considers customer satisfaction a central focus in all its operations, places importance on establishing long-term and sustainable business relationships with its customers.

Kartonsan Quality in Production

An essential for human life: Healthy and eco-friendly packaging

Within the framework of the circular economy, coated carton is a preferred material.

Kartonsan products are developed and diversified in accordance with market demands and expectations following the trends in global packaging industry. Kartonsan conducts its production activities with an approach focused on developing and increasing the added value offered to consumers. Kartonsan's permanent goal is to develop, produce and present healthy and ecofriendly products that contribute to quality of life, reaching millions of people.

Kartonsan products and their areas of use

Kartonsan produces coated cardboard known as duplex (GD) and triplex (GT) in the industry.

Producing coated cardboard from recycled paper, Kartonsan responds to the needs of various sectors with a wide range

of products. Kartonsan's products reach tens of millions of consumers in more than 20 countries and they are being widely used in different areas of our lives such as food, pharmaceuticals, detergents, matches, cosmetics, textile, stationary, packaging of glass products and small appliances, book and notebook covers and corrugated lamination. Kartonsan develops its products in accordance with market demands and expectations following the trends in global packaging industry.

Products appropriate for food packaging

Having a customer portfolio of tens of millions of consumers in more than 25 countries, use of Kartonsan's coated cardboard products in food packaging has been approved by Republic of Turkey Ministry of Food, Agriculture and Livestock. Similarly, the products are certified by a number of reports issued by various international analytical laboratories for compliance with norms put forward by the BfR (the German Federal Institute for

Risk Assessment), particularly in regard to their use in packaging which comes in direct contact with dry food. Because of its focus on operational sustainability, Kartonsan keeps a close watch on current/potential changes in laws and regulations impacting on its products. In August 2020 the European Carton Makers Association reported a draft change in the European Union Consumer Goods Ordinance which will require that mineraloil residues in food packaging be below specified limits. Kartonsan has accelerated its ongoing R&D work in line with recent developments. Kartonsan puts customer satisfaction at the center of all its activities and attaches particular importance to establishing long term, sustainable business relationships with its customers. Kartonsan will continue to respond to customer demands proactively and diversify its product range based on current needs.

Kartonsan's Products and Their Specifications

Kartonsan products, manufactured from sustainably sourced inputs, are aligned with the United Nations Sustainable Development Goals.

NORMPRINT (280 – 500 g/m²)

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.

EXPRINT (225 – 450 g/m²)

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 (225 – 450 g/m²)

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. Spain, Greece, Russia, Bulgaria, Romania and Italy and constitute a significant percentage of Kartonsan's foreign market portfolio.



¹ Eski kâğıt ve birincil elyaf

Corporate Memberships and Collaborations of Kartonsan

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 SDGs 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.

Kartonsan's Integrated Management System

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.

Kartonsan meets the qualified coated cardboard needs of the Turkish market for 57 years, offering an innovative, high quality and specialized product range and carries out its operations with the aim of providing dependable and sustainable products focusing on efficiency, effectiveness, customer satisfaction and profitability.

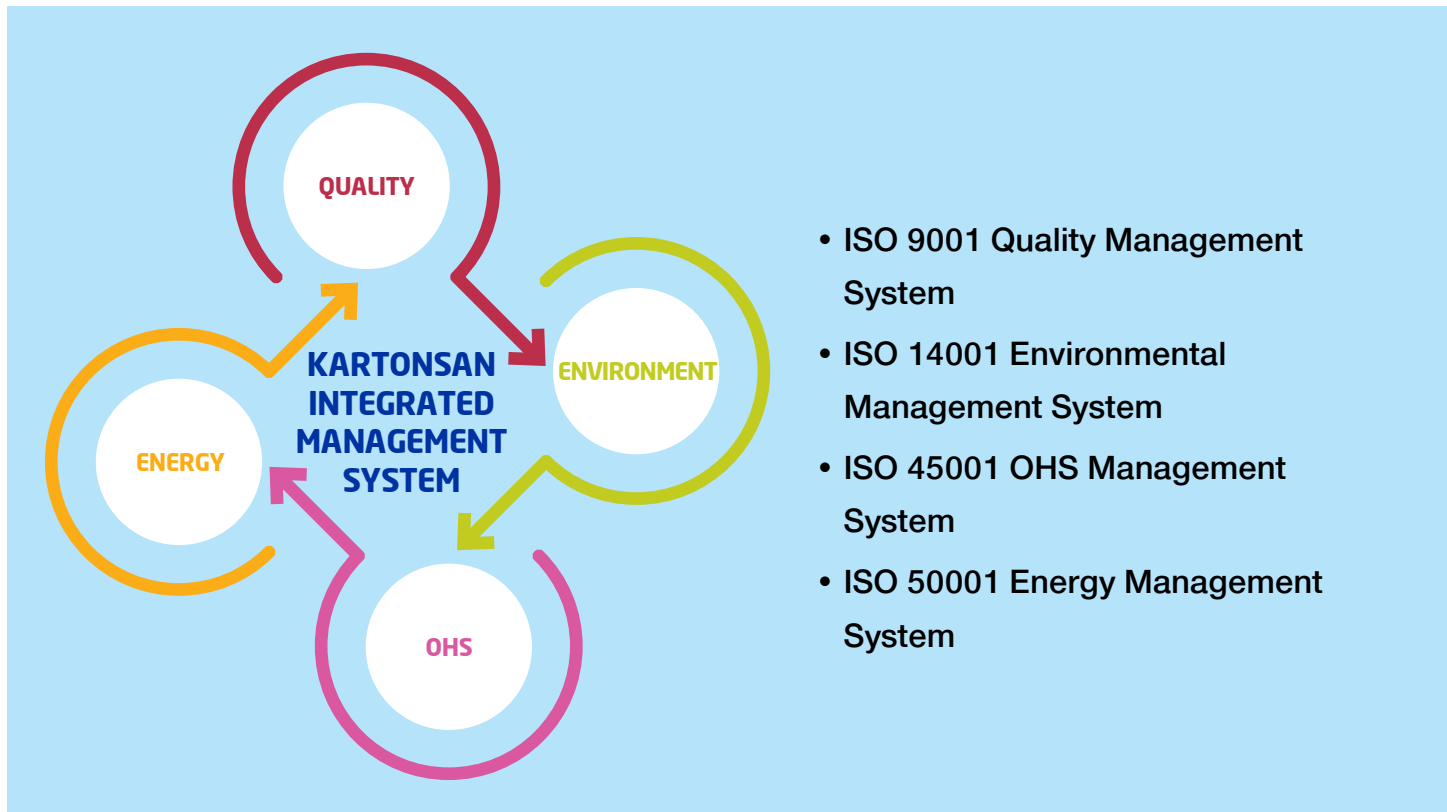
Providing a humane and modern working environment, continuity of human resources with high degrees of satisfaction and respect for environment under all circumstances are the other main elements of Kartonsan's sustainability approach.

Four-component management system
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's Integrated Management System consists of a combination of four management systems.



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 2024.

Key Performance Indicators for 2024

Kartonsan, supported by its diversified customer portfolio and strong financial structure, has maintained its resilience and continued to create value even in challenging times.

Total Production Volume (Net Tons)

176,197

Total Sales Volume (Tons)

173,667

Net Sales (TL Million)

3,871

Domestic Sales (TL Million)

3,077

Exports (USD Million)

24



Total Taxes Paid (TL Million)

54

Total Payments to Suppliers (TL Million)

4,268

Number of Employees (Person)

325

Trainings Per Person (Hours)

7.43

Waste Paper Used in Production (Tons)

197,172



Message from the Chairman of the Board

With its strong foresight, sustainable financial structure, ability to internalize change and professional human resources, our company continues to move forward not only in good times but also under challenging market conditions.



Dear stakeholders,

In today's changing conditions

We are going through a period where economic patterns are being reshaped by rapid transformation. Today's market conditions, in addition to a volatile economic environment, are influenced by numerous parameters such as climate change, global warming, and the rapid depletion of natural resources. In this process, economic actors, which are key stakeholders in the equation, must work hard, invest and ensure necessary adaptation in order to proactively perceive the new, internalize it correctly and maintain their competitive edge.

Our responsibilities as a well-established institution

Founded in 1967, Kartonsan is a pioneering and leading brand that introduced the domestic coated cardboard market to Turkey.

As we celebrate our 57th anniversary, our company has added value to the community and economy it is part of throughout its over half-century-long journey. Through taxes paid, export revenues generated and employment created, it has become a significant stakeholder in strengthening the Turkish economy.

As a role model in its sector, Kartonsan will continue to create and share added value in line with its objectives to produce, ensure customer satisfaction in domestic and international markets, and protect natural resources by creating an efficient organization.

With its strong foresight, sustainable financial structure, ability to internalize change and professional human resources, our company continues to move forward not only in good times but also under challenging market conditions. The long-term strategic vision it has structured and the strong shareholder support it has always had are the main elements shaping Kartonsan's success.

A period that tested the importance of resilience

The four-year period following the pandemic has been a time during which we repeatedly tested the critical importance of resilience. Numerous developments, from disruptions in logistics networks and the global inflation storm to geopolitical tensions, particularly the pressure exerted on energy markets, have abruptly impacted market conditions. I am pleased to state that our company has successfully managed the risks generated by these developments and has continued to produce and share by making the right decisions.

With the same perspective, Kartonsan will continue in the coming years to strengthen its position in regional and local markets, generate more value for its stakeholders, and increase its contribution to the Turkish economy. The energy needed to achieve this goal lies in the dedicated efforts of its employees and the strong bond that its stakeholders have formed with the Kartonsan brand.

We have a lean and realistic strategy.

Kartonsan's strategy envisions not only achieving sustainable growth in the short, medium and long term but also generating lasting value for its stakeholders.

Above all else, our strategy prioritizes efficiency and proactive cost management.

In light of the market developments experienced in 2024, our decision to shut down the KM1 production line has been a significant step in maintaining our efficiency and sustainability.

Looking ahead

Although there may be short-term fluctuations, our outlook for the future is positive and strong.

Changes in the supply and demand components will continue in the upcoming period. In this context, fluctuations in input costs, particularly energy and wastepaper prices, will remain key risks that we will closely monitor. Meanwhile, the rising awareness of sustainability and environmental concerns will guide our development as an important opportunity area. Our recycling facility identity, exemplified by the high proportion of wastepaper used in our production, will continue to stand out as an advantage.

On behalf of myself and our Board of Directors, I extend my gratitude to our colleagues, the architects of our performance, for their dedicated efforts, and to our customers and all other stakeholders for their trust in and loyalty to the Kartonsan brand.

Sincerely,

İlker Cengiz

Chairman of the Board of Directors

The rising awareness of sustainability and environmental concerns will guide our development as an important opportunity area.

Message from the CEO

In the challenging market conditions of 2024, Kartonsan prioritized liquidity management, focusing on preserving its financial structure, optimizing revenues, and managing its commercial portfolio with a risk-sensitive approach.



Dear stakeholders,

Relatively weak growth in the global economy

In 2024, a year marked by relatively weak growth performance in the global economy, the priorities of developed and developing economies were achieving success in the fight against inflation, preserving the resilience of the global economy, and ensuring a soft landing. Initial data suggests progress toward these goals; however, geopolitical developments in various regions and the rising trend of protectionist policies are considered risks that could delay the global economy's return to a healthy and sustainable growth path in 2025 and beyond.

Demand decline and capacity optimization in our sector

In response to the surge in demand during the pandemic and to overcome supply chain-related challenges, many coated cardboard producers decided to invest in new capacities. However, following the pandemic, the emergence of a high inflation wave and changes in individuals' consumption habits led to a sharp decline in demand. As a result of increasing capacity and decreasing consumption, the supply-demand balance deteriorated, causing a rapid decline in coated cardboard sales prices.

The stagnation in markets and rising costs have deeply affected the coated cardboard sector. Rapid increases in input costs, especially in labor and service procurement, have led to significant margin compressions.

When we look at the domestic market, we observe similar conditions to the global market. High inflation has caused increases in TL-based production costs, weakening the competitiveness of producers, and necessary price adjustments could not be made in the face of insufficient demand. During this period, while supply surpluses continued in Turkey's primary export market, the EU, a decrease in demand for coated cardboard

was observed, leading to a decline in euro-based prices. These developments in our export markets, coupled with the negative trends in domestic markets, have further increased the pressure on producers.

As a result, in 2024, the coated cardboard industry entered a period of demand contraction and capacity optimization, with some producers in the Far East and Europe shutting down facilities that had excess supply and were relatively less efficient.

Kartonsan's 2024 performance focus was maintaining financial health and liquidity.

In the challenging market conditions of 2024, Kartonsan prioritized liquidity management, focusing on preserving its financial structure, optimizing revenues, and managing its commercial portfolio with a risk-sensitive approach.

In an environment of increasing competition, the inability to reflect rising costs onto coated cardboard sales prices and the decline in price levels in some product segments negatively affected Kartonsan's consolidated net sales and revenues.

In 2024, when our coated cardboard production reached 176 thousand tons and our sales volume was 174 thousand tons, Kartonsan's inflation-adjusted revenue increased by 8% compared to the previous year, reaching TL 3.9 billion. However, as a result of the pressures stemming from the global and local market conditions summarized above, our company closed the fiscal period with a loss.

The consolidated gross sales loss decreased by 40% compared to the previous year to TL 396.9 million, while the consolidated operating loss stood at TL 837.5 million. Kartonsan ended 2024 with a net loss of TL 651.3 million.

Strategic decisions taken with a focus on efficiency

In July 2024, Kartonsan's Board of Directors decided to permanently shut down the KM1 production line, which had been in operation for more than 50 years.

Before making this strategic decision, an efficiency feasibility study was conducted with contributions from different units within Kartonsan. It was concluded that KM1, which had been producing coated cardboard for over half a century, had lost its technological relevance and economic efficiency compared to new-generation cardboard production technologies, and that its unit profitability had declined under current market conditions. These findings formed the main basis for the decision to shut down the production line, which represented approximately one-third of our total gross production capacity.

Another important step we took in 2024 was to cease the operations of our subsidiary Dönkasan, which provided services in the wastepaper trading sector, and merge it with Kartonsan. Rising labor and fixed costs were the main factors leading to the inefficiency of Dönkasan's operations.

These efficiency-focused decisions are crucial for enhancing Kartonsan's competitiveness, strengthening its capacity to generate economic value, and paving the way for new actions to be taken in the name of sustainability.

In 2024, Kartonsan's inflation-adjusted revenue increased by 8% compared to the previous year, reaching TL 3.9 billion.

Message from the CEO

Kartonsan is restructuring its production, order tracking, and logistics capabilities to further reinforce customer satisfaction.

Revenue optimization and efficiency are our priorities.

Kartonsan, which quickly internalizes the conditions presented by global and local markets and implements the necessary structural adjustments, will focus on revenue optimization and increasing efficiency in 2025. In this context, we continue our efforts to enhance the efficiency of our production line.

By better analyzing customer expectations in changing market conditions, we will work on improving our processes. Alongside enhancing the already well-accepted quality of our products, responding more swiftly to customer demands will be a top priority. Kartonsan is restructuring its production, order tracking, and logistics capabilities to further reinforce customer satisfaction.

Looking ahead

In the coming period, the development of the European market will continue to play a decisive role in the performance of us coated cardboard producers. Meanwhile, geopolitical tensions in neighboring regions, potential trade wars, and protectionist measures will be trends we closely monitor.

Kartonsan's story is shaped by its deep-rooted history, the strength of Turkey looking confidently towards the future, and the economic potential of the surrounding geography. Our company has always managed to look ahead with dynamism and determination, regardless of market conditions, expanding its brand into new markets with strong foresight. Kartonsan has grown by leading its sector.

As long as we preserve and strengthen these foundations, Kartonsan will continue to advance, produce, and share with determination, maintaining its focus on sustainable growth and profitability under all market conditions.

Finally, on behalf of myself and our Management Team, I would like to express my sincere thanks to all our stakeholders, especially our employees, who contribute to Kartonsan's corporate story.

Sincerely,

Ümit Özkan
CEO

Kartonsan will continue to advance, produce, and share with determination, maintaining its focus on sustainable growth and profitability under all market conditions.

Kartonsan Board of Directors

İlker CENGİZ

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

Ünal BOZKURT

Board Member

Recep BİLDİK

Independent Member of the Board of Directors

Rüya ESER

Independent Member of the Board of Directors

Ahmet Göksel YÜCEL

Independent Member of the Board of Directors
(until 09.07.2024)

Süleyman Kadri MİRZE

Independent Member of the Board of Directors
(until 09.07.2024)

Ali Ersin Güredin

Independent Member of the Board of Directors
(from 09.07.2024)

Ahmet Sera Özbaşar

Independent Member of the Board of Directors
(from 09.07.2024)

Ümit ÖZKAN

Board Member and General Manager
(from 15.08.2024)

Haluk İBER

Board Member and General Manager
(until 15.08.2024)

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



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.



Ümit ÖZKAN

General Manager (from 01.09.2024)

He received his undergraduate degree from İstanbul Technical University, Faculty of Management, Industrial Engineering Department. Joined Kartonsan in 2002 as Production Services Manager, Mr. Özkan worked in various units at Kartonsan and served as Selka General Manager between 2021-2024. He was appointed as Kartonsan General Manager on 1 September 2024



Haluk İBER

General Manager

(until 31.08.2024)



Ümit DİNÇOL

Chief Manager of Production Services

(until 31.10.2024)



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.



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.



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 completed the MBA program at İstanbul University. He started working as a production engineer at Kartonsan in 2010, worked in various units and was appointed as Technical Manager in 2021.



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.



Volkan TURK

Chief Manager of Production

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

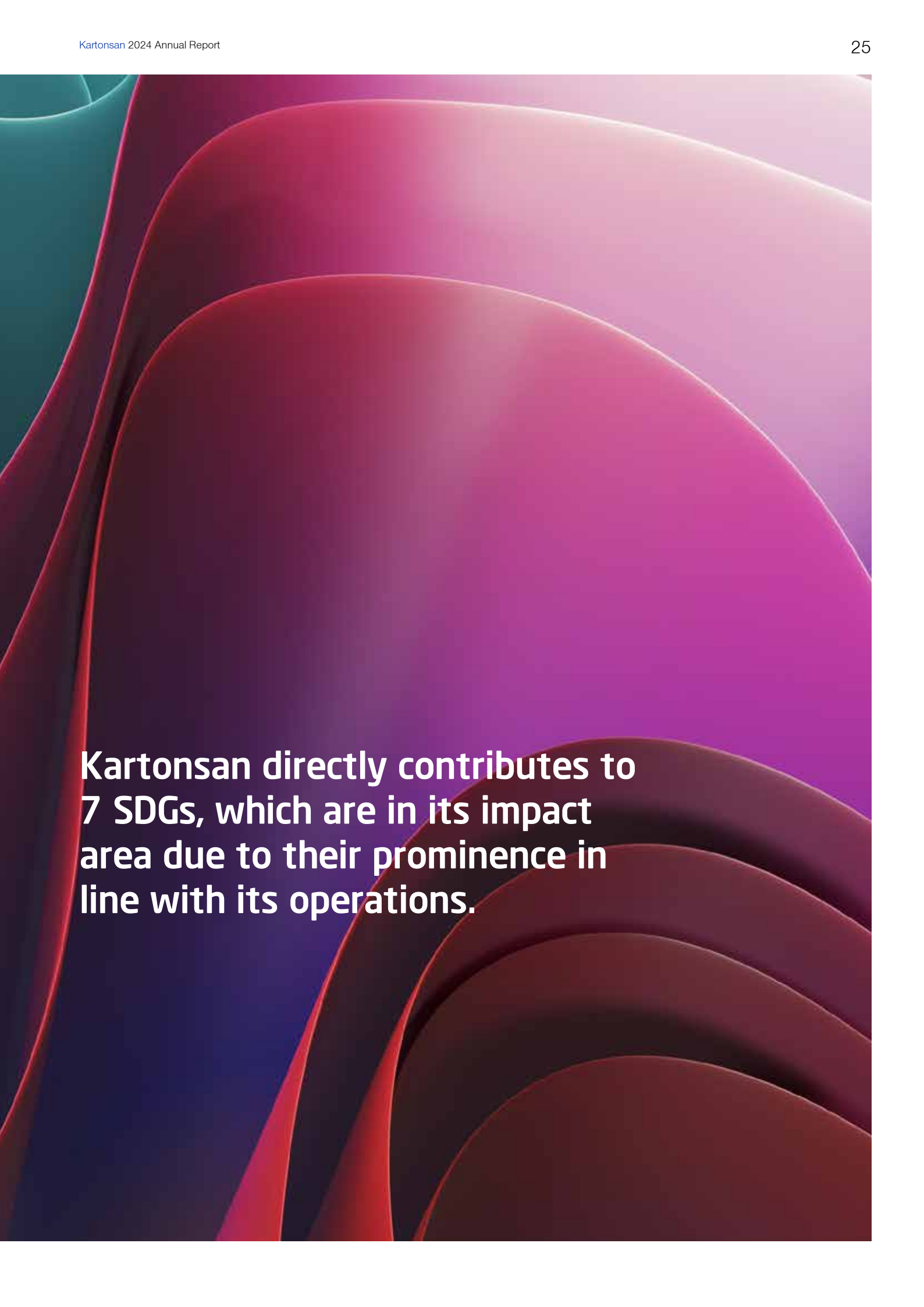


M. Kayhan Ural

Company Manager

(Dönkasan) (until 25.12.2024)





Kartonsan directly contributes to 7 SDGs, which are in its impact area due to their prominence in line with its operations.

Kartonsan and Sustainability

Kartonsan carries out continuous and effective communication and interaction with its stakeholders.

Stakeholder Communication

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

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 2024 activities.

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.

KARTONSAN'S FOCUS AREAS

Resilience

Product quality and safety

Product innovation

Responsible consumption and production

Water and waste water management

Waste recycling

Economic and clean energy use

Career development and training opportunities

OHS

← 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

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.

For Kartonsan, determining priority topics in line with stakeholder expectations is important as it reflects the integrated management perspective in its business strategy and processes.

Based on the update results, which serve as a reference for the 2024 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.

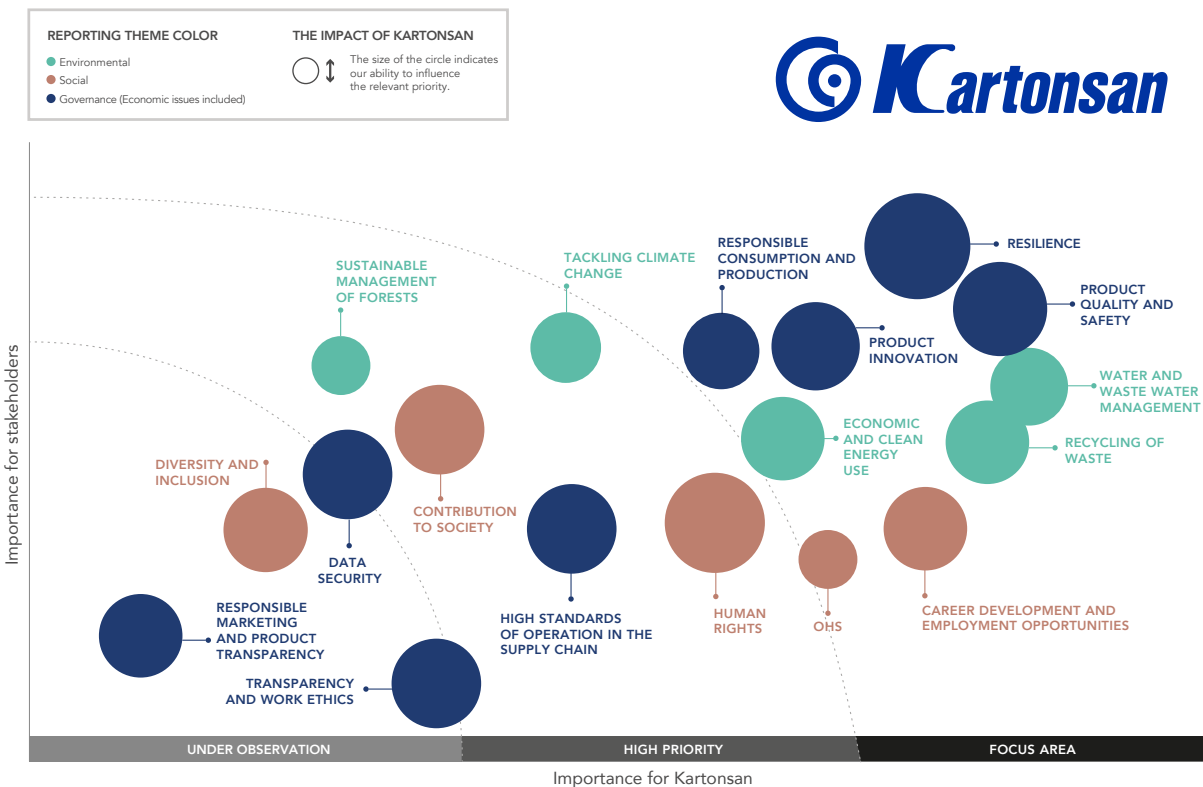
The results attained are in line with Kartonsan's mission, as well as its core objectives and strategies. Kartonsan's identity as a recycling company, contributing to Turkey's economic development, as well as its mission and activities shaped around this identity are evidently included in company's material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

KARTONSAN AND ITS STAKEHOLDERS PRIORITIES MATRIX









Kartonsan and Sustainability







ESG LINK TO FOCUS AREAS

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.

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

KARTONSAN’S PERSPECTIVE ON FOCUS AREAS, 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 2024 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 93% 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 2024 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 2024 AND ACHIEVEMENTS KARTONSAN AND THE ENVIRONMENT

Focus Area	Relevant Stakeholders (Internal/ External)	Materiality Strategy	SDGs	The Relevant Section of the Report
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 2024 AND ACHIEVEMENTS
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 2024 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 2024 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 2024 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 AND OBSERVED ISSUES

Apart from the focus areas, the following issues in the materiality matrix constitute other material issues for Kartonsan. The developments recorded in 2024 under these headings 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

Kartonsan and Sustainability

Kartonsan directly contributes to 7 SDGs, which are in its impact area due to their prominence in line with its operations.

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 makes a direct contribution to 7 SDGs that fall within its primary sphere of influence, due to the nature of its operations. Details of these contributions are explained in the following pages.

The Kartonsan Board of Directors sets the fundamental decisions and investment initiatives related to sustainability. In daily operations, sustainability-related matters and projects are carried out by the Sustainability Committee, which consists of 8 members within the Company's organizational structure.

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 eight 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	Structure	Regular meeting times
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 Integrated Annual Report, thus fulfilling the requirements of CMB regulations.	<p>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.</p> <p>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.</p>	The committee convenes at least once a year to evaluate and review the current situation.

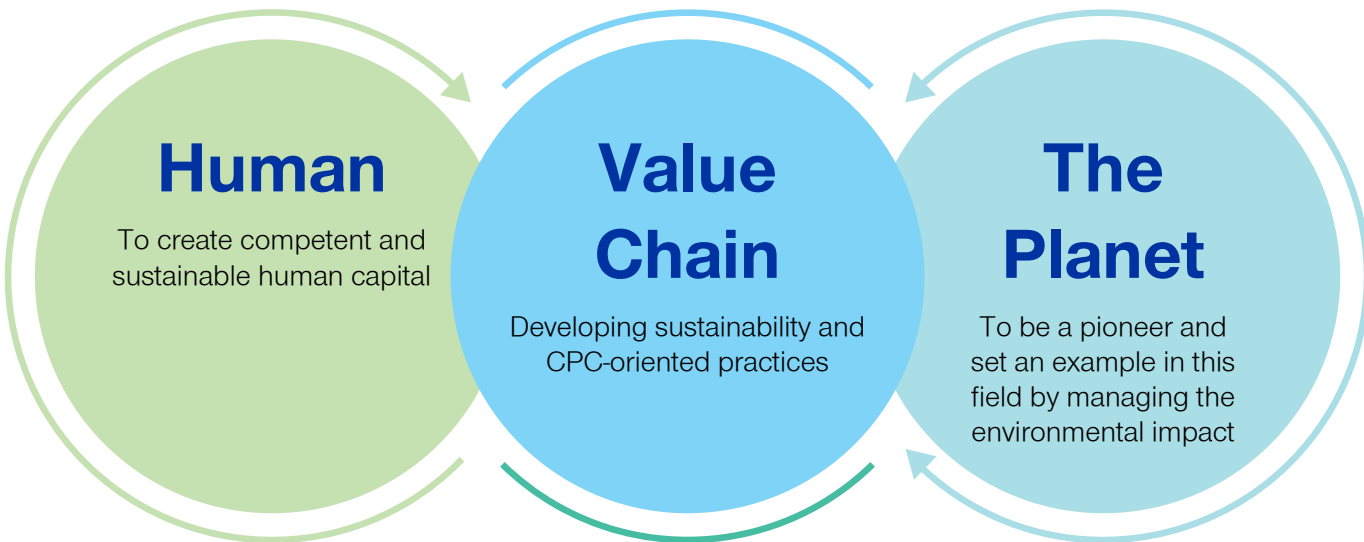
Kartonsan Sustainability Committee holds annual working meetings.

Agenda items are listed below.

- Kartonsan's sustainability performance; ESG targets and realizations
- Amendments to the International Financial Reporting Standards (IFRS) and the European Reporting Taxonomy.
- TSRS requirements
- Energy efficiency options
- 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.

Kartonsan and Sustainability

Kartonsan embraces sustainability as its mission and is focused on strengthening its ability to create and share value in the short, medium, and long term.



KARTONSAN'S SUSTAINABILITY STRATEGY

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

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.

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.

Kartonsan and Sustainability

Kartonsan places sustainability at the center of its business strategy, not only due to the responsibilities that come with its pioneering and exemplary identity in the market, but also because of the nature of its operations and product portfolio.

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.

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.

Main Policy

KARTONSAN SUSTAINABILITY POLICY

Supplementary 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>.

Value Creation Model

Kartonsan’s Value Creation Model supports its focus on generating and sharing value as a respected corporate citizen, a strong industrial facility, and a model recycling hub—thanks to its production power, sound financial structure, and high quality standards.

With its adopted sustainability approach, Kartonsan supports its economic growth with sustainability performance, aiming to reach a stronger position in all areas of operation and to create value for all its stakeholders.

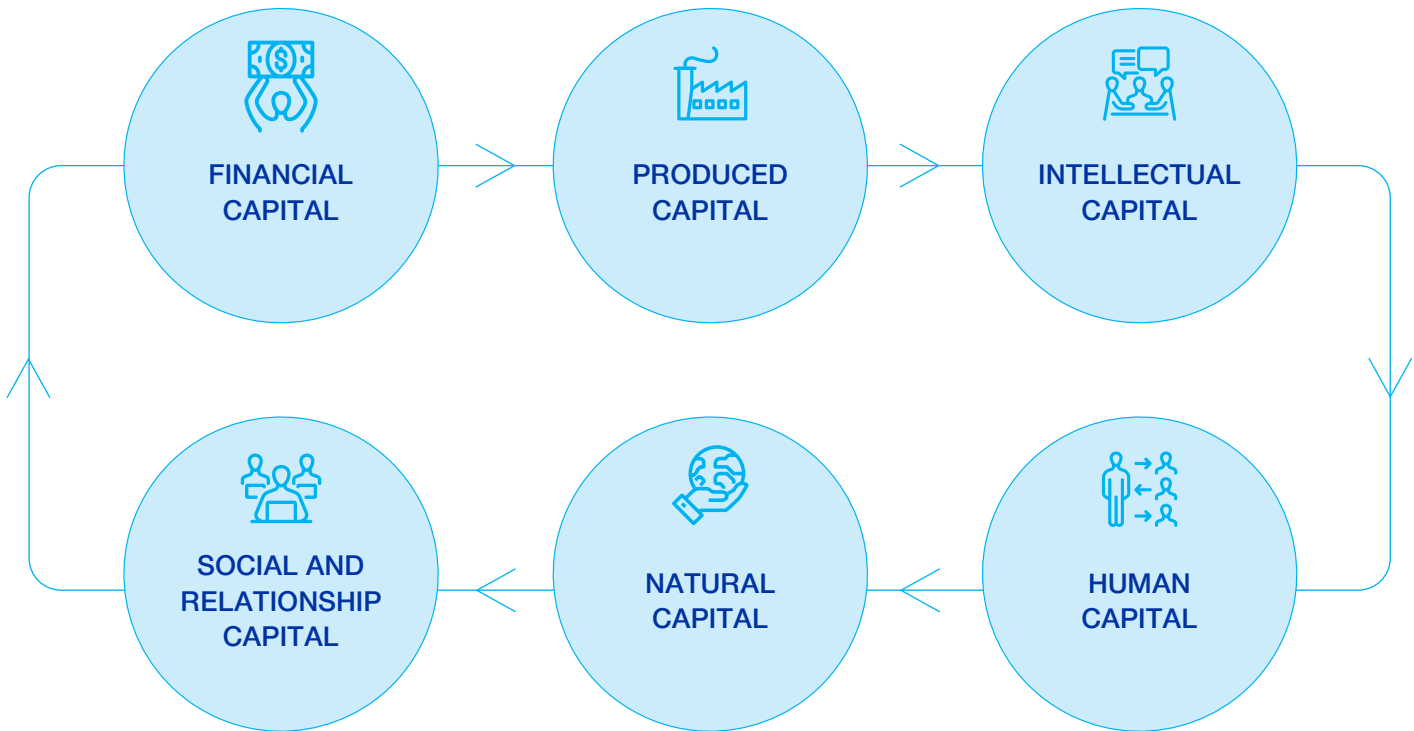
The Value Creation Model is structured around the efficient management of the business cycle, in line with Kartonsan’s strategy, through optimal use of its capital elements, competencies, and production capabilities.

The Kartonsan Value Creation Model represents an infinite and multi-stakeholder cycle. Under this model, the Company internalizes global and national changes in the business environment as well as megatrends, taking the necessary initiatives to stay ahead of the competition.

The outcomes of the Value Creation Model are delivered to all stakeholders of Kartonsan, and the unchanging goal of optimizing natural resource use is pursued wherever possible. The Value Creation Model is also a reflection of Kartonsan’s contribution to the universally accepted SDGs.

Details of Kartonsan’s Value Creation Model and its periodic outcomes are shared in the Company’s Integrated Reports.

For more information, please visit the [Activity Reports](#) section on Kartonsan’s corporate website.



Industry Outlook

The coated cardboard sector was affected by the general decline in consumption levels and the decrease in demand for cardboard packaging materials; the supply surplus continued to exert pressure on product prices.

FLAT TREND IN THE EUROPEAN COATED CARDBOARD SECTOR CONTINUED IN 2024.

Economic activity in the EU displayed a flat trend throughout most of 2024, due to disinflationary policies and high interest rates.

While policies aimed at reducing inflation impacted consumer spending, demand-side growth remained low or near zero across many sectors. The coated cardboard sector was affected by the general decline in consumption levels and the decrease in demand for cardboard packaging materials; the supply surplus continued to exert pressure on product prices.

Another issue impacting our industry has been the shift in consumer behavior in the post-pandemic period. During the pandemic, long periods of lockdown drove individuals towards increased consumption, leading to a strong surge in demand for cardboard packaging. After the pandemic, however, changes in consumption patterns were observed, with the services sector gaining prominence and a decline seen in consumer goods spending.

The erosion of household purchasing power in an inflationary environment became another factor influencing demand for packaging materials. As consumers shifted towards relatively cheaper goods, a corresponding shift in packaging preferences was observed, with increasing movement from coated cardboard towards flexible packaging.

Another development impacting the European coated cardboard market was the gradual entry of Far East-origin products into the market at low prices during 2024, which affected competitive conditions. This situation, arising from the inability to consume surplus supply regionally, increased the pressure on European producers.

Although major European producers announced plans to implement price increases in the new year by the end of 2024, no concrete steps had yet been taken in this direction.

TURKISH COATED CARDBOARD SECTOR DISPLAYED A SLUGGISH TREND IN 2024.

Looking at the Turkish coated cardboard market, we see that disinflationary policies shaped consumer demand. This negatively affected demand for coated cardboard and, consequently, box packaging.

In addition to the domestic supply-demand imbalance, difficulties in exports due to suppressed foreign exchange rates and unfair competition created by cheap imported cardboard emerged as major risks faced by local coated cardboard producers.

Among the sector's key inputs, natural gas prices remained stable in 2024, while fluctuations were observed in wastepaper prices. As domestic supply of wastepaper was insufficient and largely dependent on imports, prices rose at certain times of the year, although some relative declines were

also recorded. By the end of the year, the average wastepaper prices in the Turkish market remained above international averages.

Meanwhile, prices of other inputs such as cellulose and wood pulp declined during the second half of 2024, and similar easing was seen in the prices of chemicals sourced both domestically and internationally.

OUTLOOK FOR 2025

The sector's performance in 2025 will depend on the vitality of the domestic market. Gains in the fight against inflation and potential interest rate cuts will influence market dynamics. In what is expected to be a transitional year, demand for coated cardboard is anticipated to remain flat, with relative recovery projected in 2026.

Meanwhile, trade wars that could potentially reshape global trade, as well as geopolitical developments in Ukraine and the Middle East, will stand out as key parameters to monitor regarding 2025 market conditions.



General Evaluation and Achievements of 2024

During the reporting period, Kartonsan successfully maintained its commercial relationships with both domestic and international customers. In 2024, the Company produced and delivered a total of 182,430 tons of gross coated cardboard to its customers.



Decisions that will shape the future

In 2024, Kartonsan decided to shut down its KM1 production line to counter the pressure caused by shrinking demand not only in its main export market, Europe, but also in domestic markets. This strategic decision, made to strengthen the Company's financial and operational resilience and to rebalance increased operational costs driven by market conditions, opened a critical window for revisiting the operational cycle with a focus on efficiency.

Also in 2024, Kartonsan ceased the operations of its subsidiary Dönkasan, which was engaged in wastepaper trading. Dönkasan was merged into Kartonsan via acquisition.

Throughout the reporting period, Kartonsan maintained solid trade relations across markets, producing 182,430 tons of gross coated cardboard. During its operating period, the KM1 line produced approximately 27,000 tons, with a capacity utilization rate of 40.9%. In contrast, the KM2 line reached a gross production of 155,000 tons and achieved a capacity utilization rate of 90.2%.

Prudent management of balance sheets and liquidity

With an agile yet risk-sensitive management approach, Kartonsan managed cost-price balances with a win-win perspective in varying market conditions throughout 2024. Inventory and production planning were shaped around the needs of domestic and international customers.

Prioritizing the maintenance of a resilient and sustainable financial structure, Kartonsan completed its 57th year of operations by deploying its financial capital in effective and productive areas. For the reporting period, the Company's consolidated revenue reached TL 3.871 billion, with 136,351 tons sold to the domestic market and 37,316 tons exported.

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.

In 2024, Kartonsan achieved USD 24 million in export revenue, delivering its products to customers in 27 countries.

The countries where Kartonsan held a significant market share in 2024 included Spain, Greece, Russia, Romania, Bulgaria and Italy.

Strong Collaboration with International Customers

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.

Throughout the year, Kartonsan continued its market development efforts in existing and potential export markets. In 2024, sales to the Italian market increased in line with targets, and for 2025, the Company aims to expand its activities in the UK market.

General Evaluation and Achievements of 2024

With practices implemented recently, Kartonsan offers less production time to customers enabling them to make shorter term planning.



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.

Customer Satisfaction First!!

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 2024, 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.

Effective management and resolution of customer complaints

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.

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.

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 2024 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 2024	676
General purchase amount for 2024	TL 4,268 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 2024, 72 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 2024.

In 2024, Kartonsan did not receive any official communication suggesting that any of its suppliers were involved in any legal sanctions related to ESG issues.

IN 2024, KARTONSAN STRENGTHENED ITS CORPORATE RESILIENCE THROUGH NEW INVESTMENTS.

Investments constitute the key driving force of Kartonsan’s sustainability strategy.

Kartonsan continued to create value in 2024 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 86 million, contributing to its capital generated in line with the investment program.

INVESTMENTS COMPLETED IN 2024

Procurement of Trend Micro Security Software

Kartonsan has identified protecting its IT infrastructure against cyber threats as a key objective. In line with this, the Company continued its efforts in 2024 and, as part of initiatives to enhance the security of its email infrastructure, computers and servers, purchased Trend Micro Security software. The installation was completed and the system was successfully put into operation.

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.

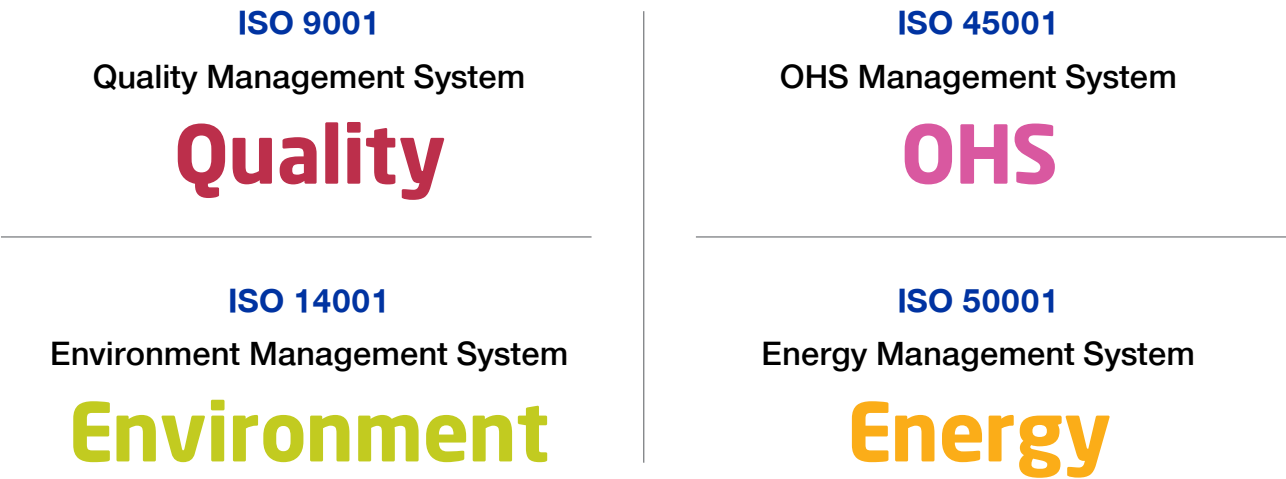
Membrane Replacement in the MBR System

In line with the goal of reducing the use of clean water in production by increasing the use of treated water, the membranes of the operating MBR system were renewed in 2024 to enhance water recovery performance. The new membranes, which were commissioned in July 2024, enabled savings of between 800–900 m³ of clean water per day, depending on the production schedule.



Kartonsan’s Integrated Management System

Kartonsan’s Integrated Management System plays a significant role in both sustainability and performance by effectively managing production processes and administrative activities.



Kartonsan’s quality, environmental, OHS, and energy management systems are structured under the Integrated Management System, which provides a comprehensive framework.

Kartonsan’s Integrated Management System plays a significant role in both sustainability and performance by effectively managing production processes and administrative activities. This system brings together all areas such as quality, procurement, production, human resources and sales processes, offering a holistic approach.

This methodology helps Kartonsan achieve its goals while ensuring alignment with global trends. Efforts to enhance

the system’s effectiveness through continuously updated projects and investments support the Company’s development, while internal audits guarantee the quality of this process.

Periodically conducted recertification audits ensure the continuity and validity of the system, while corrective actions aim for continuous improvement. This structure both enhances Kartonsan’s operational efficiency and helps it stand out in market competition.

In 2024, systematic audits and practices of the Integrated Management System continued, ensuring the system’s continuity.

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 2024, 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

Every waste paper that Kartonsan recycles into the circular economy contributes to the sustainability of the world's forests and the environment.

In 2024, the total quantity of waste paper used in coated cardboard production of Kartonsan was 211,104 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.

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 2024, Kartonsan used 211,104 tons of raw materials for coated cardboard production, of which 197,172 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.

	2022	2023	2024
Kartonsan Raw Material Use (tons)	252,986	141,755	211,104
Amount of Waste Paper	231,214	128,419	197,172
Amount of Bleached Cellulose	3,214	2,514	2,287
Wood Pulp	18,558	10,822	11,645



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 93.4% recycled paper in its production cycle, utilized 197,172 tons of waste paper in 2024.

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

Kartonsan has renewed its Environmental Permit and License, which had expired after 5 years, in 2024.

Kartonsan and Environment

Kartonsan Cogeneration Plant has 4 generators, each with a power of 5.5 MW; the system generates heat and electrical energy.

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 2024, the specific electrical energy consumption in the cardboard production processes was 501.09 kWh/ton for BM1 and 448.76 kWh/ton for BM2, the steam consumption was 1.70 tons/ton for BM1 and 1.52 kWh/ton for BM2. The clean water (well water) consumption was 6.6 m³/ton. These ratings put Kartonsan in the energy-efficient plant category.

Besides, in 2024, Kartonsan's conventional energy consumption was 1,607.34 TJ, and its specific heat consumption per ton of coated cardboard was 3,750.69 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 22% 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.

Water consumption/tons manufactured output in 2026: 6.6 m³

In 2024, a total of 1,307 thousand cubic meters of water were used. 1,255 thousand cubic meters of this is groundwater, and 51 thousand cubic meters is tap water.



During the reporting period, the amount of water recovered was 120,000 cubic meters. In this context, the water consumption per ton in 2024 was 6.6 m³.

With the membrane renewal carried out in July 2024, Kartonsan aims to further improve the water recovery rate in 2025.

Greenhouse gas emissions

In 2024, 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 2023 Coated Cardboard Production Scope 1 Gross Greenhouse Gas Emission Amount, which was verified in 2024, was 0.06476445 million tons of CO₂/year.

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.

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 2024, 21,176 tons of non-hazardous waste were recycled, thereby contributing to the circular economy. The quantity of non-hazardous waste sent for disposal amounted to 25,171 tons. The amount of hazardous waste at Kartonsan is low, with 122.5 tons having been recycled and 16.3 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 2024 was 212 tons.



Kartonsan and Human Resources

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

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 3,380 person-hours of training was provided in 2024.

Training time per employee, including contractor employees, reached 7.43 hours by the end of 2024.

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 2024, 28 students from vocational high schools, technical high schools, vocational schools, and universities at the undergraduate level completed their internships and received skills training.

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.

The collective labor agreement between Kartonsan and the Cellulose-Workers Union, covering the period from 2022 to 2024, ended in August 2024, and negotiations for the new contract are ongoing.

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.

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.

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

	2023	2024
Total Workforce (number)	350	325
Female	43	32
Male	307	293
Blue Collar	206	198
White Collar	144	127
Total Workforce by Age (number)	350	325
Under 30	28	33
Between 30-50	265	240
Over 50	57	52
Employees Under Collective Labor Agreement (number)	170	171

Occupational Health and Safety at Kartonsan

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

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

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 2024. 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.

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 2024. In 2024, a total of 1,895 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 2024, providing the appropriate support to employees with health issues and guidance as needed.

OHS BOARD

At Kartonsan, OHS issues are handled by the 17-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 2024 are presented in the table below.

1,895 HOURS OF TRAINING WERE PROVIDED IN KARTONSAN'S OHS TRAINING ACTIVITIES IN 2024 WITH THE PARTICIPATION OF 150 PEOPLE.

OHS Trainings Offered to Employees	2023	2024
Total Number of Participants	191	150
Blue collar	103	71
White collar	43	28
Other employees	45	51
Female	11	9
Male	180	141

OHS Trainings Offered to Employees	2023	2024
Total training hours	1,616	1,895
Blue collar	876	800
White collar	344	491
Other employees	396	604
Female	74	117
Male	1,542	1,778

Corporate Social Responsibility

Education and the environment form the basis of the areas where the Company adds value to society.

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 2024 are summarized in the table below.

Donations to	Amount (TL)
Associations and foundations (Educational, sports-related, sectoral and social)	98,675
Total	98,675



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 26,746 tons by the end of 2023, reached 28,599 tons by the end of 2024.

Throughout the reporting period, the Company's total turnover amounted to around TL 547 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 99.47%

SELKA'S COMPARATIVE NET SALES QUANTITIES AND AMOUNTS FOR 2023 AND 2024

	January-December 2023	January-December 2023	January-December 2024	January-December 2024
	Sales Quantity (tons)	Sales Amount (TL)	Sales Quantity (ton)	Sales Amount (TL)
K1-K2 cardboard	4,024	62,664,367	6,169	135,316,839
K3 cardboard	9,721	106,051,357	12,583	173,719,727
Imported cardboard	13,001	226,148,359	9,847	237,879,083
Total	26,746	394,864,083	28,599	546,915,649

*The TL amounts provided represent values that have not been adjusted for inflation or reflect prices as of 31.12.2024.

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

Affiliated Companies

As of December 2024, Dönkasan's operations have been terminated, and the Company's economic entity has been merged with Kartonsan.

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

A 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 Dönüşen Kağıt Hammaddeleri Sanayi

ve Ticaret A.Ş.) in 2015. A wholly-owned subsidiary of Kartonsan, DÖNKASAN was 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 was conducted in 2024. DÖNKASAN

continued 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 nearly 32 thousand tons of waste paper in 2024, including intra-group sales. This resulted in a net revenue of nearly TL 232 million, with historical values that were not adjusted for inflation.

DÖNKASAN'S COMPARATIVE NET SALES QUANTITIES AND AMOUNTS FOR 2023 AND 2024

	January-December 2023	January-December 2023	January-December 2024	January-December 2024
	Sales Quantity (tons)	Sales Amount (TL)	Sales Quantity (ton)	Sales Amount (TL)
Waste paper	29,442	134,424,635	31,864	231,976,684

* The TL amounts provided represent values that have not been adjusted for inflation or reflect prices as of 31.12.2024.

As of December 2024, Dönkasan's operations have been terminated, and the Company's economic entity has been merged with Kartonsan.

As a result of the merger, Dönkasan's activities related to the trade of waste paper will continue under Kartonsan.

In this regard, an announcement was made on the Public Disclosure Platform (KAP) on 26 December 2024, to inform our investors.

Dönkasan Dönüştürülen Atık Kağıt Sanayi ve Ticaret Anonim Şirketi, registered under the Istanbul Trade Registry with the registration number 978882-0, the

Mersis number 0311036837000013, and the tax number 311 036 8370 at the Mecidiyeköy Tax Office, has been merged with Kartonsan Karton Sanayi ve Ticaret A.Ş., which is the 100% parent company, registered under the Istanbul Trade Registry with the registration number 95869-0, the Mersis number 0526005749100010, and the tax number 5260057491 at the Large Taxpayers Tax Office.

The merger was conducted using the "Simplified Merger" method, as per Article 155, Paragraph 1, item a of the Turkish Commercial Code No. 6102, Article 156, and Articles 19 and 20 of the Corporate

Tax Law No. 5520, the 1st Serial Corporate Tax General Communiqué, the Commercial Registry Regulation, and other relevant legal provisions, along with the Capital Markets Board's Communiqué No. II-23.2 on Mergers and Divisions, Article 13. The merger was registered by the Istanbul Trade Registry on 25 December 2024, and was published on page 185 of the Turkish Trade Registry Gazette, Issue 11237, dated 26 December 2024. As a result of the "Simplified Merger," the affiliated company, Dönkasan Dönüştürülen Atık Kağıt Sanayi ve Ticaret Anonim Şirketi, has dissolved without liquidation.

The background of the page is an abstract graphic consisting of numerous overlapping, wavy bands of color. The colors range from deep blue to vibrant purple, creating a sense of depth and movement. The waves flow from the top left towards the bottom right, with some areas appearing more saturated than others.

Corporate Governance, Risk Management And Financial Information

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

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

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

1) Opinion

As we have audited the full set consolidated financial statements of Kartonsan Karton Sanayi ve Ticaret Anonim Şirketi ("the Company") and its subsidiaries (together "the Group") for the period between 1 January– 31 December 2024, we have also audited the annual report for the same period.

In our opinion, the consolidated 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.

2) Basis for Opinion

We conducted our audit in accordance with the Standards on Independent Auditing ("ISA") which is a part of Turkish Auditing Standards accepted by regulations of the Capital Markets Board and published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibility is disclosed under Responsibilities of the Independent Auditor on the Independent Audit of the Annual Report in detail. We declare that we are independent from the Group in accordance with the Code of Ethics for Independent Auditors ("Code of Ethics") (including Independence Standards) issued by POA, together with the ethical requirements included in the regulations of the Capital Markets Board and other regulations that are relevant to our audit. We have fulfilled other responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

We have expressed an unqualified opinion in our auditor's report dated 4 March 2025 on the complete set of consolidated financial statements of the Group for the period of 1 January - 31 December 2024.

4) Other Matter

The annual report of the Board of Directors of the Group for the year ended 31 December 2023 was audited by another audit firm who expressed an unmodified opinion on the annual report on 4 June 2024.

5) The Responsibility of the Board of Directors on the Annual Report

In accordance with Articles 514 and 516 of the Turkish Commercial Code 6102 ("TCC") and the provisions of the Communiqué II-14.1 on the Principles of Financial Reporting in Capital Markets" ("the Communiqué") of the Capital Market Board ("CMB"), the management of the Group is responsible for the following items:

- 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.
- 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 with 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.

6) 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 and the Communiqué, on whether the consolidated 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 ISAs. 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 name of the engagement partner who supervised and concluded this audit is Özcan Aksu.

MGI BAĞIMSIZ DENETİM A.Ş.
A Member of MGI WORLDWIDE

ÖZCAN AKSU
Sorumlu Ortak Başdenetçi

(İstanbul, 7 March 2025)

KARTONSAN KARTON SANAYİ VE TİCARET ANONİM ŞİRKETİ

Consolidated Financial Statements as at and for the Year Ended 31 December 2024 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

A) Report on the Audit of the Consolidated Financial Statements

1) 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 2024, 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 2024 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Turkish Financial Reporting Standards ("TFRSs").

2) 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; the regulations of the Capital Markets Board; and other relevant legislation that are relevant to our audit of the consolidated financial statements in Türkiye, 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.

3) 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.

INDEPENDENT AUDITOR'S REPORT

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>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 at and for the year ended 31 December 2024 include revenue with the carrying value of TL 3.870.718.964 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.

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 continues to apply TAS 29 "Financial reporting in hyperinflationary economies" ("TAS 29") in the consolidated financial statements as of and for the year ended 31 December 2024 due to the functional currency ("TL") being determined as currency of a hyperinflationary economy.</p> <p>In accordance with TAS 29, consolidated financial statements and corresponding figures for previous periods have been restated for the changes in the general purchasing power of Turkish Lira and, as a result, are expressed in terms of purchasing power of Turkish Lira as of the reporting date.</p> <p>In accordance with the guidance in TAS 29, the Group utilised the Turkey consumer price indices to prepare inflation adjusted financial statements.</p> <p>The principles applied for inflation adjustment is explained in Note 2.01.</p> <p>Given the significance of the impact of TAS 29 on the reported result and financial position of the Group, we have assessed the hyperinflation accounting 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"> - We inquired management responsible for financial reporting on the principles, which they have considered during the application of TAS 29, identification of non-monetary accounts and tested models designed, - We have tested the inputs and indices used, to ensure completeness and accuracy of the calculations, - We have audited the restatements of consolidated financial statements and corresponding figures as required by TAS 29, - We assessed the adequacy of the disclosures in inflation adjusted financial statements for compliance with TAS 29.

4) Other Matter

The consolidated financial statements of the Group for the period 1 January - 31 December 2023 have been audited by another auditors whose report on 4 June 2024 expressed an unqualified opinion.

5) 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 TFRS, 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.

6) Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

Our aim is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with ISAs is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

INDEPENDENT AUDITOR'S REPORT

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, actions taken to eliminate threats or safeguards applied.

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

B) Report on Other Legal and Regulatory Requirements

- 1) In accordance with subparagraph 4 of Article 398 of the Turkish Commercial Code ("TCC"), the auditor's report on the early risk identification system and committee was submitted to the Group's Board of Directors on 4 March 2025.
- 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 2024 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 on the audit resulting in this independent auditor's report is Özcan Aksu.

MGI BAĞIMSIZ DENETİM A.Ş.
A Member of MGI WORLDWIDE

ÖZCAN AKSU

Partner
(İstanbul, 4 March 2025)

KARTONSAN KARTON SANAYİ VE TİCARET A.Ş.

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KARTONSAN KARTON SANAYİ VE TİCARET A.Ş.

Consolidated Statements of Financial Position As at 31 December 2024 and 2023

(Amounts on tables expressed in Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2024 unless otherwise indicated.)
(Convenience translation into english of the consolidated financial statements originally issued in Turkish)

		(Audited)	(Audited)
	Notes	31 December 2024	31 December 2023
ASSETS			
Current Assets			
Cash and cash equivalents	4	202.187.567	137.324.746
Trade receivables	5-6	210.392.568	340.152.478
- Related parties	5	-	15.529.633
- Third parties	6	210.392.568	324.622.845
Other receivables	8	22.873.039	42.381.620
- Third parties	8	22.873.039	42.381.620
Inventories	9	951.433.814	805.914.153
Prepaid expenses	5-17	12.297.881	55.093.411
- Related parties	5	-	21.094.706
- Third parties	17	12.297.881	33.998.705
Other current assets	17	130.677.553	98.281.867
- Third parties	17	130.677.553	98.281.867
Total current assets		1.529.862.422	1.479.148.275
Non-current assets			
Other receivables	8	584.282	584.282
- Third parties	8	584.282	584.282
Investment properties	10	-	5.405.641
Property, plant and equipment	11	1.915.580.811	2.415.540.304
Right of use assets	12	26.636.110	25.693.113
Intangible assets	12	22.620.385	25.108.968
- Other intangible assets		22.620.385	25.108.968
Prepaid expenses	17	28.719.524	51.957.629
- Third parties		28.719.524	51.957.629
Deferred tax assets	25	400.985.670	350.513.596
Total non-current assets		2.395.126.782	2.874.803.533
TOTAL ASSETS		3.924.989.204	4.353.951.808

KARTONSAN KARTON SANAYİ VE TİCARET A.Ş.

Consolidated Statements of Financial Position As at 31 December 2024 and 2023

(Tutarlar aksi belirtilmedikçe Türk Lirası'nın ("TL") 31 Aralık 2024 tarihi itibarıyla satın alma gücüne göre ifade edilmiştir.)
(Convenience translation into english of the consolidated financial statements originally issued in Turkish)

	Notes	(Audited) 31 December 2024	(Audited) 31 December 2023
LIABILITIES			
Current liabilities			
Short-term borrowings	5-7	441.692.929	1.087.094
- Related parties	5-7	201.320.906	1.087.094
- Lease liabilities	5-7	1.320.906	1.087.094
- Other short-term borrowings	5-7	200.000.000	-
- Third parties	7	240.372.023	-
- Bank borrowings	7	240.372.023	-
- Lease liabilities	7	-	-
Trade payables	5-6	512.707.054	663.786.998
- Related parties	5	4.994.948	220.196
- Third parties	6	507.712.106	663.566.802
Employee benefits	16	18.098.641	30.695.335
Other payables	5-8	61.420.596	42.395.298
- Related parties	5	179.931	214.724
- Third parties	8	61.240.665	42.180.574
Current income tax liabilities	25	3.652.267	5.663.862
Short-term provisions	14-16	39.725.373	21.197.353
- Short-term provisions for employee benefits	16	26.814.243	8.853.348
- Other short-term provisions	14	12.911.130	12.344.005
Total current liabilities		1.077.296.860	764.825.940
Non-current liabilities			
Long-term borrowings	5-7	9.291.382	9.958.308
- Related parties	5-7	9.291.382	9.958.308
- Lease liabilities	5-7	9.291.382	9.958.308
- Third parties	7	-	-
- Lease liabilities	7	-	-
Long-term provisions	16	56.195.573	87.651.377
- Long-term provisions for employee benefits	16	56.195.573	87.651.377
Deferred tax liabilities	25	5.467.982	47.574.058
Total non-current liabilities		70.954.937	145.183.743
EQUITY			
		2.776.737.407	3.443.942.125
Equity holders of the parent			
		2.775.318.527	3.442.225.288
Paid-in share capital	18	75.000.000	75.000.000
Adjustment to share capital	18	871.038.781	871.038.781
Share premium		10.942.662	10.942.662
Other comprehensive income or expenses not to be reclassified to profit or loss	18	(82.367.941)	(67.939.876)
- Gains/(losses) on remeasurements of defined benefit plans	18	(82.367.941)	(67.939.876)
Restricted reserves	18	817.496.766	814.849.537
- Gains on disposal of subsidiaries or property, plant and equipment and intangible assets	18	43.786.576	43.786.576
- Legal reserves	18	773.710.190	771.062.961
Retained earnings		1.734.560.620	2.633.983.209
Profit of the period		(651.352.361)	(895.649.025)
Non-controlling interests		1.418.880	1.716.837
Total equity		2.776.737.407	3.443.942.125
TOTAL LIABILITIES AND EQUITY		3.924.989.204	4.353.951.808

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 2024 and 2023

(Amounts on tables expressed in Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2024 unless otherwise indicated.)
(Convenience translation into english of the consolidated financial statements originally issued in Turkish)

	Notes	Audited 1 January - 31 December 2024	Audited 1 January - 31 December 2023
Revenue	19	3.870.718.964	3.581.180.417
Cost of sales (-)	19	(4.267.588.507)	(4.247.452.441)
Gross profit from non-finance sector operations		(396.869.543)	(666.272.024)
Gross Profit		(396.869.543)	(666.272.024)
General administrative expenses (-)	20	(168.954.568)	(165.057.103)
Marketing expenses (-)	20	(206.581.812)	(146.708.360)
Other operating income	22	97.821.136	168.388.384
Other operating expenses (-)	22	(162.919.730)	(364.717.542)
OPERATING PROFIT		(837.504.517)	(1.174.366.645)
Gains from investment activities	23	274.836.279	246.997.643
Losses from investment activities (-)	23	(9.485.571)	(22.159.063)
OPERATING PROFIT BEFORE FINANCIAL INCOME/(EXPENSE)		(572.153.809)	(949.528.065)
Financial expenses (-)	24	(317.897.628)	(77.494.182)
Net monetary position gains/(losses)		70.680.209	(275.459.381)
PROFIT BEFORE TAX		(819.371.228)	(1.302.481.628)
Tax income/(expense)	25	167.720.910	406.083.648
- Current period tax expense	25	(13.164.653)	(17.753.878)
- Deferred income tax	25	180.885.563	423.837.526
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		(651.650.318)	(896.397.980)
PROFIT FOR THE PERIOD		(651.650.318)	(896.397.980)
Attributable to		(651.650.318)	(896.397.980)
- Non-controlling interests		(297.957)	(748.955)
- Equity holders of the parent		(651.352.361)	(895.649.025)
Earnings per share	26		
Earnings per share from continuing operations	26	(8,68469815)	(11,94198700)
Other comprehensive income			
Items not to be reclassified to profit or loss	18	(14.428.065)	(17.087.072)
- Gains/(losses) on remeasurements of defined benefit plans	18	(14.428.065)	(17.087.072)
Other comprehensive income		(14.428.065)	(17.087.072)
Total comprehensive income		(666.078.383)	(913.485.052)
Attributable to		(666.078.383)	(913.485.052)
- Non-controlling interests		(297.957)	(748.955)
- Equity holders of the parent		(665.780.426)	(912.736.097)

KARTONSAN KARTON SANAYİ VE TİCARET A.Ş.

Consolidated Statements of Changes in Equity For the Years Ended 31 December 2024 and 2023

(Tutarlar aksi belirtilmedikçe Türk Lirası'nın ("TL") 31 Aralık 2024 tarihi itibarıyla satın alma gücüne göre ifade edilmiştir.)
(Convenience translation into english of the consolidated financial statements originally issued in Turkish)

Prior period - 31 December 2023 (Audited)

				Items not to be reclassified to profit or loss		Retained earnings				
	Paid-in share capital	Adjustment to share capital	Share premium	Gains/(losses) on remeasurements of defined benefit plans	Restricted reserves	Prior years' income	Profit for the period	Equity holders of the parent	Non-controlling interests	Total equity
Balances at 1 January 2023 (Beginning of the period)	75.000.000	871.038.781	10.942.662	(50.852.805)	770.747.871	2.314.853.886	775.204.926	4.766.935.321	2.465.794	4.769.401.115
Transfers				-	44.101.666	731.103.260	(775.204.926)	-		-
Total comprehensive income				(17.087.071)			(895.649.025)	(912.736.096)	(748.957)	(913.485.053)
Dividends paid				-		(411.973.937)		(411.973.937)		(411.973.937)
Balances at 31 December 2023 (End of the period)	75.000.000	871.038.781	10.942.662	(67.939.876)	814.849.537	2.633.983.209	(895.649.025)	3.442.225.288	1.716.837	3.443.942.125

Current period - 31 December 2024 (Audited)

				Items not to be reclassified to profit or loss		Retained earnings				
	Paid-in share capital	Adjustment to share capital	Share premium	Gains/(losses) on remeasurements of defined benefit plans	Restricted reserves	Prior years' income	Profit for the period	Equity holders of the parent	Non-controlling interests	Total equity
Balances at 1 January 2024 (Beginning of the period)	75.000.000	871.038.781	10.942.662	(67.939.876)	814.849.537	2.633.983.209	(895.649.025)	3.442.225.288	1.716.837	3.443.942.125
Transfers	-	-		-	2.647.229	(898.296.254)	895.649.025	-		-
Total comprehensive income				(14.428.065)			(651.352.361)	(665.780.426)	(297.957)	(666.078.383)
Dividends paid				-		(1.126.335)		(1.126.335)		(1.126.335)
Balances at 31 December 2024 (End of the period)	75.000.000	871.038.781	10.942.662	(82.367.941)	817.496.766	1.734.560.620	(651.352.361)	2.775.318.527	1.418.880	2.776.737.407

KARTONSAN KARTON SANAYİ VE TİCARET A.Ş.

Consolidated Statements of Cash Flows For the Years Ended 31 December 2024 and 2023

(Amounts on tables expressed in Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2024 unless otherwise indicated.)

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

	Notes	Audited 31 December 2024	Audited 31 December 2023
CASH FLOWS FROM OPERATING ACTIVITIES		(709.601.196)	(126.053.722)
Profit for the period		(651.650.318)	(896.397.983)
Profit for the period from continuing operations		(651.650.318)	(896.397.983)
Adjustments to reconcile profit for the period to cash generated from operating activities		246.997.601	78.182.591
Depreciation and amortisation	11,12,21	419.001.584	406.894.260
Adjustments for Impairment (Reversal)		(28.241.769)	48.091.126
Adjustments for Receivables Impairment (Reversal)		79.152	120.933
Adjustments for Inventory Impairment (Reversal)		(28.320.921)	47.970.193
Adjustments for Provisions		10.103.902	(15.676.886)
Adjustments for Provision for Employee Benefits (Reversal)		5.742.509	(8.605.726)
Adjustments for Other Provisions (Reversal)		4.361.393	(7.071.160)
Adjustments for interest income and expenses		336.010.340	47.948.803
Adjustments for Interest Income		(21.241.677)	(41.765.672)
Adjustments for Interest Expenses	24	317.897.628	77.494.182
Deferred financial expense arising from term purchases	22	73.688.298	45.153.847
Unearned financial income from term sales	22	(34.333.909)	(32.933.554)
Adjustments for tax income/expense	25	(167.720.910)	(406.083.649)
Adjustments for losses/(gains) on disposal of non-current assets		(246.705.235)	(1.877.497)
Adjustments for losses/(gains) on disposal of property, plant and equipment		(246.705.235)	(1.877.497)
Adjustments for gains/(losses) on net monetary position		(73.949.111)	-
Other adjustments to reconcile profit for the period		(1.501.200)	(1.113.566)
Changes in working capital		58.669.759	798.920.417
Adjustments for Gains/(Losses) on Trade Receivables		22.011.190	148.056.253
Related parties		10.756.175	29.539.772
Third parties		11.255.015	118.516.481
Adjustments for Gains/(Losses) on Other Receivables Related to Operations		6.301.834	11.944.974
Third parties		6.301.834	11.944.974
Adjustments for Gains/(Losses) on Inventories		(117.198.740)	714.731.272
Adjustments for Gains/(Losses) in Prepaid Expenses		42.795.530	70.849.172
Adjustments for Gains/(Losses) on Trade Payables		53.618.689	(10.268.940)
Related parties		4.842.436	22.683
Third parties		48.776.253	(10.291.623)
Adjustments for Gains/(Losses) in payables due to employee benefits		(3.161.642)	9.746.303
Adjustments for Gains/(Losses) in Other Payables Related to Operations		32.056.654	(23.613.808)
Related parties		31.208	969
Third parties		32.025.446	(23.614.777)
Adjustments for other changes in working capital		22.246.244	(122.524.809)
Changes in other assets related to operations		22.246.244	(122.524.809)
Total Cash Flows from Operating Activities		(345.982.958)	(19.294.975)
Interest paid		(390.837.637)	(123.101.881)
Interest received		41.507.815	32.915.881
Income taxes refund/(paid)	25	(14.288.416)	(16.572.747)
CASH FLOWS FROM INVESTING ACTIVITIES		380.164.228	(217.019.497)
Cash Inflows from Sale of Property, Plant and Equipment and Intangible Assets		494.871.351	3.127.121
Cash Inflows from Sale of Property, Plant and Equipment		494.871.351	3.127.121
Cash Outflows from Purchases of Property, Plant and Equipment and Intangible Assets		(154.681.609)	(301.682.364)
Cash Outflows from Purchases of Property, Plant and Equipment	11	(153.981.291)	(301.677.820)
Cash Outflows from Purchases of Intangible Assets	12	(700.318)	(4.544)
Repayments of cash advances and borrowings given		23.238.105	39.509.485
Repayments from other cash advances and borrowings given		23.238.105	39.509.485
Interest received		16.736.381	42.026.261
CASH FLOWS FROM FINANCING ACTIVITIES		436.632.318	(421.885.828)
Cash inflows from borrowings		440.372.023	-
Cash outflows from repayments of borrowings		-	-
Cash outflows from repayments of loans		-	-
Cash outflows from payments of lease liabilities		(2.613.370)	(9.911.897)
Dividends paid		(1.126.335)	(411.973.931)
Inflation effect on cash and cash equivalents		(42.210.523)	-
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES		64.984.827	(764.959.047)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		64.984.827	(764.959.047)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	4	137.218.553	902.177.600
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	4	202.203.380	137.218.553

The accompanying notes form an integral part of these 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 2024

(Tutarlar aksi belirtilmedikçe Türk Lirası'nın ("TL") 31 Aralık 2024 tarihi itibarıyla satın alma gücüne göre ifade edilmiştir.)
(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 Türkiye. 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 İstanbul ("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 2024 and 2023, 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 2024	31 December 2023
Selka İç ve Dış Ticaret A.Ş. ("Selka")	Coated cardboard trade	99.47%	99.37%
Dönkasan Dönüştürülen Atık Kağıt San. ve Tic. A.Ş. ("Dönkasan")	Waste paper production and trade	-	100.00%

In accordance with the provisions of Article 155, paragraph 1, subparagraph a and Article 156 of the Turkish Commercial Code numbered 6102, Articles 19 and 20 of the Corporate Tax Law No. 5520, Corporate Tax General Communiqué Serial No. 1, Trade Registry Regulation and other legislative provisions and Article 13 of the Capital Markets Board's Communiqué on Merger and Demerger No. II-23.2. Pursuant to the provisions of Article 13 of the Merger and Demerger Communiqué numbered II-23.2 of the Capital Markets Board and the provisions of Article 13 of the Merger and Demerger Communiqué numbered II-23.2 of the Capital Markets Board, Dönkasan Dönüştürülen Atık Kağıt Sanayi ve Ticaret Anonim Şirketi, which is a subsidiary with 100% effective ownership interest pursuant to the provisions of Article 13 of the Merger and Demerger Communiqué numbered II-23.2 of the Capital Markets Board, registered under the registration numbered 978882-0 of the Istanbul Trade Registry Directorate, with the Mersis numbered 0311036837000013, will be acquired by Kartonsan. The merger transaction was registered on 25 December 2024 and announced in the Official Gazette on 26 December 2024 acquired by Kartonsan with the "Merger in Simplified Procedure". As a result of the "Simplified Merger", Dönkasan Dönüştürülen Atık Kağıt Sanayi ve Ticaret Anonim Şirketi, a subsidiary, was dissolved without liquidation.

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

Total end of the period and average number of personnel employed by Kartonsan except for subcontractors is 219 (31 December 2023: 285).

These consolidated financial statements as at and for the year ended 31 December 2024 have been approved for issue by the Board of Directors ("BOD") on 4 March 2025 and numbered YK/2025-05 and on behalf of the Board of Directors which was signed by the Member of the Board of Directors and General Manager Ümit Özkan and Vice Chairman of the Board Süleyman Kaya.

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").

KARTONSAN KARTON SANAYİ VE TİCARET A.Ş.

Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2024

(Amounts on tables expressed in Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2024 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)

The accompanying consolidated financial statements have been prepared in accordance with 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 which is published on Official Gazette numbered 28676 and on 13 June 2013. The accompanying consolidated financial statements are based on the Turkish Financial Reporting Standards ("TFRS") adopted by the CMB in accordance with Article 5 of the Communiqué and published by the Public Oversight Accounting and Auditing Standards Authority ("POA") and its interpretations. In addition, the accompanying consolidated financial statements are presented in accordance with the "TFRS Taxonomy" published by the POA on 3 July 2024 and the formats specified in the "Financial Statement Illustrative Examples and User Guide" published by the CMB, in accordance with the CMB's financial statements and notes.

As of 31 December 2024, the Group has prepared its consolidated financial statements with the assumption on the Group's ability to continue its operations in the foreseeable future as a going concern basis of accounting.

2.1.1.1 Adjustments of financial statements in hyperinflationary periods

Financial reporting in hyperinflationary economies

In accordance with the CMB's resolution number 81/1820 on 28 December 2023, issuers and capital market institutions subject to financial reporting regulations applying Turkish Accounting/Financial Reporting Standards are required to apply inflation accounting by applying the provisions of TAS 29 beginning with the annual financial statements for the accounting period 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 as at and for the year ended 31 December 2024 and 2023, 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 consolidated financial statements as at and for the year ended 31 December 2024 are presented after being adjusted for the effect of inflation in accordance with the accounting principles specified in TAS 29.

KARTONSAN KARTON SANAYİ VE TİCARET A.Ş.

Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2024

(Tutarlar aksi belirtilmedikçe Türk Lirası'nın ("TL") 31 Aralık 2024 tarihi itibarıyla satın alma gücüne göre ifade edilmiştir.)
(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 restatement in accordance with TAS 29 has been made by using the adjustment factor derived from the Consumer Price Index ("CPI") in Türkiye published by the Turkish Statistical Institute ("TURKSTAT"). As of 31 December 2024, the indices and adjustment factors used in the restatement of the financial statements are as follows:

Date	Index	Adjustment coefficient
31.12.2024	2.684,55	1
31.12.2023	1.859,38	1.44379

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 2024

(Amounts on tables expressed in Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2024 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 the 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 2024. 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 Group accounting

Basis of consolidation

The consolidated financial statements include Group accounts prepared in accordance with the principles set out in the following disclosures. 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 2024

(Tutarlar aksi belirtilmedikçe Türk Lirası'nın ("TL") 31 Aralık 2024 tarihi itibarıyla satın alma gücüne göre ifade edilmiştir.)
(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 Group accounting (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 2024 and 2023, the subsidiaries included in the consolidation scope of Kartonsan is as follows:

Current period - (31.12.2024)

Subsidiaries	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	99.47%	99.47%	99.47%
Dönkasan Dönüştürülen Atık Kağıt San ve Tic. A.Ş.*	-	-	-	-

*The merger transaction was registered on 25 December 2024 and acquired by Kartonsan with the "Merger in Simplified Procedure". As a result of the "Simplified Merger", Dönkasan Dönüştürülen Atık Kağıt Sanayi ve Ticaret Anonim Şirketi, a subsidiary, was dissolved without liquidation (Note 32).

Prior period - (31.12.2023)

Subsidiaries	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	99.37%	99.37%	99.37%
Dönkasan Dönüştürülen Atık Kağıt San ve Tic. A.Ş.	4.000.000	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 2024

(Amounts on tables expressed in Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2024 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.

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 on 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).

KARTONSAN KARTON SANAYİ VE TİCARET A.Ş.

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(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 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. On-site inspections were carried out by Kocaeli Provincial Directorate of Industry for the purpose of completion visa and the final result is not realised in August 2024.

2.2 Changes in accounting policies

Changes in accounting policies are made if necessary or if they result in a more appropriate and reliable presentation of the effects of transactions and events on the Company's financial position, performance or cash flows in the financial statements. 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 period,
- If the estimated changes affect the subsequent periods, changes are applied both on the current and subsequent periods prospectively.

The significant estimates used during the preparation of the consolidated financial statements for the period 1 January - 31 December 2024 are consistent with the estimates used in the preparation of the consolidated financial statements for the period 1 January - 31 December 2023. 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 2024

(Amounts on tables expressed in Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2024 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 2024

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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 recognised in the consolidated financial statements. Depreciation is provided for property, plant and equipment on a straight-line basis over their estimated useful lives.

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

Type	2024 Rate (%)	2023 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.

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.

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

2.4 Summary of significant accounting policies (continued)

Leases

Group - as a lessee

At the 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.

The 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) The 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) The 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. The 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. The 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.

The 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.

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

2.4 Summary of significant accounting policies (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:

- The amount of the initial measurement of the lease liability,
- Any lease payments made at or before the commencement date, less any lease incentives received,
- Any initial direct costs incurred by the Group, and
- 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:

- Less any accumulated depreciation and any accumulated impairment losses; and
- 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:

- Fixed payments, less any lease incentives receivable,
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date,
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.
- 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

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

2.4 Summary of significant accounting policies (continued)

Lease liability (continued)

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

- Increasing the carrying amount to reflect interest on the lease liability,
- Reducing the carrying amount to reflect the lease payments made, and
- 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 change in the lease term. The Group determines adjusted lease payments based on the adjusted lease term.
- 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:

- 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.
- 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.

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

2.4 Summary of significant accounting policies (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 Türkiye, 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).

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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 Karton Sanayi ve Ticaret 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 and balances 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 (Note 13).

Taxes on income

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

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

2.4 Summary of significant accounting policies (continued)

Current tax

Current year tax liability is calculated over the taxable profit for the period. Taxable profit differs from profit as 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 operating 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).

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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 flows

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).

Share 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).

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

2.4 Summary of significant accounting policies (continued)

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

Debt instruments with fixed or determinable payments and fixed maturities that the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Financial assets measured at amortised cost are recognised at amortised cost using the effective interest method less any impairment losses and the related income is calculated using the effective interest method.

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.

Subsequent valuation of financial assets at fair value through other comprehensive income is carried at fair value. However, if the fair value cannot be measured 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.

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

2.4 Summary of significant accounting policies (continued)

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.

The 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.

"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.

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

2.4 Summary of significant accounting policies (continued)

Trade receivables (continued)

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 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.

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.

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

2.5 New and Revised Turkish Financial Reporting Standards

New and revised standards and interpretations

The accounting policies adopted in preparation of the consolidated financial statements as of 31 December 2024 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 2024 and thereafter. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

a) New standards, amendments and interpretations effective from 1 January 2024

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

In March 2020 and January 2023, POA issued amendments to TAS 1 to clarify the principles for classifying liabilities as current and non-current. According to the amendments made in January 2023, if an entity's right to defer payment of a liability depends on the entity's ability to comply with the terms of the loan agreement at a date subsequent to the reporting period, the entity has the right to defer payment of the liability at the end of the reporting period (even if the entity does not comply with the relevant terms at the end of the reporting period).

When a liability arising from a loan contract is classified as non-current and the entity's right to defer payment depends on the entity's ability to comply with the terms of the loan contract within 12 months, the January 2023 amendments require entities to make various disclosures. These disclosures should include information about the terms of the loan contract and related obligations. The amendments also clarify that the right to defer payment for a long-term classification must exist at the end of the reporting period, regardless of whether compliance with the contractual terms will be tested at the reporting date or at a later date.

The amendments clarify that the possibility that an entity will not exercise its right to defer payment until at least twelve months after the reporting period does not affect the classification of a liability. The amendments are applied retrospectively in accordance with TAS 8.

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

Amendments to TFRS 16 - Lease liability in a sale and leaseback

In January 2023, POA issued amendments to TFRS 16. The amendments clarify the requirements for the measurement of a lease liability arising from a sale and leaseback by a seller-lessee, so that no gain or loss is recognised in respect of the retained right of use. In this context, the seller-lessee will determine 'lease payments' or 'revised lease payments' so as not to recognise any gain or loss on the retained right of use when applying the provisions of TFRS 16 under the heading 'Subsequent measurement of a lease liability' after the commencement date of the sale and leaseback transaction. The amendments do not include a specific provision for the measurement of lease liabilities arising from leaseback. The initial measurement of such a lease liability may result in payments other than those included in the definition of lease payments in TFRS 16 being identified as lease payments. The seller-lessee will need to develop and apply an accounting policy that provides reliable and relevant information in accordance with TAS 8. The seller-lessee applies the amendments retrospectively in accordance with TAS 8 to sale and leaseback transactions entered into after the date of initial application of TFRS 16. The amendments did not have a significant material influence on the financial position or performance of the Group.

Amendments to TAS 7 and TFRS 7 - Disclosures: Supplier Finance Arrangements

The amendments issued by POA in September 2023 introduce clarifications that improve existing provisions to help users of financial statements understand the effects of supplier financing arrangements on an entity's liabilities, cash flows and liquidity risks. Supplier financing arrangements are defined as arrangements in which one or more financing providers undertake to pay an entity's supplier and the entity agrees to pay the supplier on or after the day on which the supplier is paid. The amendments require disclosures about the terms and conditions of such arrangements, quantitative information about the liabilities arising from them at the beginning and end of the reporting period, and the nature and effects of non-cash changes in the carrying amount of those liabilities. In addition, within the scope of quantitative disclosures about liquidity risk required by TFRS 7, supplier financing arrangements are given as examples of other factors that may need to be disclosed.

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

2.5 New and Revised Turkish Financial Reporting Standards (continued)

New and revised standards and interpretations (continued)

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

TSRS S1 sets out general requirements for sustainability-related financial disclosures, requiring an entity to disclose information about sustainability-related risks and opportunities that is useful for primary users of general purpose financial reports to make decisions about funding 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 relevant criteria included in the POA's announcement on 5 January 2024 and numbered 2024-5 and the Board Decision on 16 December 2024 amending this announcement. 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 the standard is mandatory for annual reporting periods beginning on or after 1 January 2024 for entities that meet the criteria specified in POA's announcement dated 5 January 2024 and numbered 2024-5 and the Board Decision dated 16 December 2024 amending this announcement. Other entities may voluntarily report in accordance with TSRS.

The Group is in the scope of application as it meets the criteria specified in the Board's decision. For companies in scope, there is no obligation to present comparative information in the first reporting period and the sustainability report of the first year can be published after the financial reports of that period. The Group's report in full compliance with TSRS is expected to be published in August 2025, as it is required to be disclosed no later than nine months in 2025.

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

b) Standards issued but not yet effective and not early adopted

The new standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of authorisation of the consolidated financial statements and have not been early adopted by the Group are as follows. The Group will make the necessary changes and amendments if not indicated otherwise, which will be affecting the consolidated financial statements and disclosures, when the new standards and interpretations become effective. New standards issued by the International Accounting Standards Board but not yet adopted by the Public Oversight Accounting and Auditing Standards Authority retain the IFRS codification.

TSRS 17 - New Insurance Contracts Standard

In February 2019, POA issued TSRS 17, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. TSRS 17 introduces a model that enables both the measurement of liabilities arising from insurance contracts at current statement of financial position amounts and the recognition of profit over the period in which the services are provided. With the announcement made by POA, the mandatory effective date of the Standard has been postponed to accounting periods beginning on or after 1 January 2025.

Amendments to TAS 21 - Lack of exchangeability

In May 2024, POA issued amendments to TAS 21. The amendments clarify how to assess whether a currency is not exchangeable and how to determine the exchange rate when a currency is not exchangeable. According to the amendments, when estimating the exchange rate because a currency is not exchangeable, information that enables users of financial statements to understand how the inability to exchange one currency for another currency has affected, or is expected to affect, an entity's performance, financial position and cash flows is disclosed. The amendments are effective for annual periods beginning on or after 1 January 2025. Early application is permitted, in which case information is disclosed in the notes. When the amendments are applied, comparative information is not restated.

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

2.5 New and Revised Turkish Financial Reporting Standards (continued)

b) Standards issued but not yet effective and not early adopted (continued)

Amendments to TAS 21 - Lack of exchangeability (continued)

Effective for annual periods beginning on or after 1 January 2026 (earlier application is permitted). These amendments

- clarify the timing requirements for the recognition and derecognition of certain financial assets and financial liabilities, including a new exception for certain financial liabilities settled through an electronic cash transfer system;
- provide further guidance and clarification on assessing whether a financial asset meets the principal and interest payments only criterion;
- adding new disclosures for certain instruments with contractual terms that may alter cash flows (such as certain instruments with features linked to the achievement of environmental, social and governance (ESG) objectives); and
- updates to the disclosures on equity instruments at fair value through other comprehensive income.

Annual Improvements to IFRSs - Amendment 11

Annual improvements are limited to amendments that clarify wording in an Accounting Standard or correct relatively minor unintended consequences, oversights or inconsistencies between provisions in Accounting Standards. The 2024 amendments relate to the following standards:

- IFRS 1 First-time Adoption of Turkish Financial Reporting Standards,
- IFRS 7 Financial Instruments: Disclosures and the accompanying Guidance on the application of IFRS 7;
- IFRS 9 Financial Instruments;
- IFRS 10 Consolidated Financial Statements and,
- IAS 7 Statement of Cash Flows

IFRS 18 Presentation and Disclosure in Financial Statements

Effective for annual periods beginning on or after 1 January 2027. This is a new standard on presentation and disclosure of financial statements that focuses on updates to the statement of profit or loss. The main new concepts introduced in IFRS 18 relate to,

- structure of the statement of profit or loss
- disclosures required in the financial statements for certain profit or loss performance measures (i.e., performance measures defined by management) that are reported outside the entity's financial statements; and
- enhanced principles of aggregation and disaggregation that generally apply to the core financial statements and disclosures.

IFRS 19 - Subsidiaries without Public Accountability: Disclosures

Effective for annual periods beginning on or after 1 January 2027. Early application is permitted. This new standard is applied in conjunction with other IFRSs. A qualifying subsidiary applies the provisions of other IFRSs except for the disclosure requirements and instead applies the reduced disclosure requirements in IFRS 19.

The reduced disclosure requirements of IFRS 19 balance the information needs of users of the financial statements of qualifying subsidiaries with cost savings for preparers of the financial statements. IFRS 19 is a voluntary standard for qualifying subsidiaries. A subsidiary fulfils the relevant conditions if

- does not have a public accountability obligation; and
- The Group has a parent or intermediate parent that prepares consolidated financial statements in accordance with IFRS Accounting Standards that are available for public use.

The Group does not expect that these amendments will have significant material influence on the financial performance of the Group.

The Group will assess the material influence of these amendments when the standards are authorized and become effective.

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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.

NOTE 4 - CASH AND CASH EQUIVALENTS

	31 December 2024	31 December 2023
Cash on hand	603.366	674.787
Banks	201.584.201	136.649.959
- Demand Deposits - TL	1.629.003	9.337.267
- Demand Deposits - Foreign Currency	48.324.617	74.797.005
- Time Deposit - TL	147.799.187	52.515.687
- Time Deposit - Foreign Currency	-	-
- Credit Card Receivables	3.831.394	-
Total	202.187.567	137.324.746

As of 31 December 2024, the average maturity of time deposits is 2 days (31 December 2023: 4 days).

As of 31 December 2024, time deposits denominated in TL amounting to TL 147.799.187 (31 December 2023: TL 52.515.687) and the annual effective interest rate is 48.00% (31 December 2023: 39.00%). As of 31 December 2024, the Group has no foreign currency denominated time deposits (31 December 2023: TL 0).

As of 31 December 2024 and 2023, the details of cash and cash equivalents subject statements of cash flows are as follows:

	1 January - 31 December 2024	1 January - 31 December 2023
Beginning of the period - 1 January	137.218.553	902.177.600
Net increase/(decrease) in cash and cash equivalents	64.984.827	(764.959.047)
Cash and cash equivalents net cash flow position, net	202.203.380	137.218.553
Interest accruals (-)	(15.813)	106.193
End of the period - 31 December	202.187.567	137.324.746

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NOTE 5 - RELATED PARTY DISCLOSURES

a) Trade receivables from related parties

	31 December 2024	31 December 2023
Mel Macedonian Paper Mills S.S.A	-	15.529.633
Total	-	15.529.633

b) Prepaid expenses to related parties

	31 December 2024	31 December 2023
Mel Macedonian Paper Mills S.S.A	-	21.094.706
Total	-	21.094.706

c) Trade payables to related parties

	31 December 2024	31 December 2023
Ece Ticari Gayrimenkul Yatırım ve Yönetim Hizm. A.Ş.	3.673.933	188.832
Mel Macedonian Paper Mills S.S.A	1.042.787	-
Pak Holding A.Ş.	268.728	26.218
Pak Gıda Üretim ve Pazarlama A.Ş.	9.500	5.146
Total	4.994.948	220.196

d) Other payables to related parties

	31 December 2024	31 December 2023
Shareholders (Dividend)	179.931	214.724
Total	179.931	214.724

e) Short-term lease liabilities to related parties

	31 December 2024	31 December 2023
Ece Ticari Gayrimenkul Yatırım ve Yönetim Hizm. A.Ş.	1.320.906	1.087.094
Total	1.320.906	1.087.094

f) Long-term lease liabilities to related parties

	31 December 2024	31 December 2023
Ece Ticari Gayrimenkul Yatırım ve Yönetim Hizm. A.Ş.	9.291.382	9.958.308
Total	9.291.382	9.958.308

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NOTE 5 - RELATED PARTY DISCLOSURES (continued)

g) Short-term borrowings to related parties

	31 December 2024	31 December 2023
Asil Holding A.Ş.	200.000.000	-
Total	200.000.000	-

The annual effective interest rate of the borrowings to Asil Holding is between 51.19% and 53.08% and the weighted average interest rate is calculated as 52.45%. The weighted remaining period of the borrowings is 90 days.

h) Sales of goods and services to related parties

	1 January - 31 December 2024	1 January - 31 December 2023
Mel Macedonian Paper Mills S.S.A	80.147.480	55.956.358
Total	80.147.480	55.956.358

i) Interest on other short-term borrowings from related parties

	1 January - 31 December 2024	1 January - 31 December 2023
Asil Holding A.Ş.	160.580.953	-
Total	160.580.953	-

i) Purchases of goods and services from related parties

	1 January - 31 December 2024	1 January - 31 December 2023
Mel Macedonian Paper Mills S.S.A.	153.494.480	246.830.519
Ece Ticari Gayrimenkul Yat. ve Yön. Hiz. A.Ş. ^(*)	5.774.298	5.531.086
Pak Holding A.Ş. ^(*)	367.634	282.301
Pak Gıda Üretim ve Pazarlama A.Ş.	81.868	226.829
Total	159.718.280	252.870.735

^(*) Includes reflection of legal consultancy services.

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

j) Key management compensation

	1 January - 31 December 2024	1 January - 31 December 2023
Key management compensation	28.415.154	23.807.869
Total	28.415.154	23.807.869

Key management compensation provided to key management personnel during the period 1 January 2024 to 31 December 2024 and 2023 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 2024 to 31 December 2024 and 2023 period.

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NOTE 6 - TRADE RECEIVABLES AND PAYABLES

a) Trade receivables from third parties	31 December 2024	31 December 2023
Customers	203.087.675	323.982.587
Notes receivables	11.766.743	2.555.504
Doubtful trade receivables	1.393.184	1.927.392
Less: Non-accrued financial income	(4.461.850)	(1.915.246)
Less: Provision for doubtful trade receivables	(1.393.184)	(1.927.392)
Total	210.392.568	324.622.845

The average turnover period of trade receivables is 36 days (31 December 2023: 21 days) and the annual effective interest rates are as follows:

	31 December 2024				31 December 2023			
	TL	USD	EUR	OTHER	TL	USD	EUR	OTHER
Trade Receivables	49%	1.75%	0.67%	-	39%	3.20%	2.22%	-

As of 31 December 2024, the Group has mortgages and letter of guarantees for its trade receivables amounting to TL 128.688.735 (31 December 2023: TL 281.051.919).

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

	31 December 2024	31 December 2023
Beginning of the period - 1 January	1.927.392	2.927.557
Increases during the period	91.610	246.945
Collections	(33.381)	(96.276)
Monetary (gains)/losses	(592.437)	(1.150.834)
End of the period - 31 December	1.393.184	1.927.392

b) Trade payables to third parties	31 December 2024	31 December 2023
Suppliers	472.933.378	659.294.288
Notes payable	38.630.000	8.872.075
Less: Non-accrued financial expense	(3.851.272)	(4.599.561)
Total	507.712.106	663.566.802

The average turnover period of trade payables is 14 days (31 December 2023: 13 days) and the annual effective interest rates are as follows:

	31 December 2024				31 December 2023			
	TL	USD	EUR	OTHER	TL	USD	EUR	OTHER
Trade Payables	49%	1.75%	0.67%	-	39%	3.20%	2.22%	-

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NOTE 7 - BORROWINGS

Short-term borrowings from related parties

	31 December 2024	31 December 2023
Short-term borrowings	200.000.000	-
Lease liabilities	1.320.906	1.087.094
Total	201.320.906	1.087.094

The annual effective interest rate of the borrowings to Asil Holding is between 51.19% and 53.08% and the weighted average interest rate is calculated as 52.45%. The weighted remaining period of the borrowings is 90 days.

Long-term borrowings from related parties

	31 December 2024	31 December 2023
Lease liabilities	9.291.382	9.958.308
Total	9.291.382	9.958.308

Short-term borrowings from third parties

	31 December 2024	31 December 2023
Bank borrowings	254.687.702	-
Total	254.687.702	-

The weighted annual average interest rate of bank borrowings is 12%. The weighted remaining period of the bank borrowings is 222 days.

NOTE 8 - OTHER RECEIVABLES AND PAYABLES

As of 31 December 2024 and 2023, the breakdown of other receivables and payables is as follows:

a) Short-term other receivables from third parties	31 December 2024	31 December 2023
Tax refunds from tax office	22.151.949	41.410.585
Deposits and guarantees given	523.054	501.375
Due from employees	198.036	469.660
Total	22.873.039	42.381.620
b) Long-term other receivables from third parties	31 December 2024	31 December 2023
Deposits and guarantees given	584.282	584.282
Total	584.282	584.282
c) Other payables to third parties	31 December 2024	31 December 2023
Taxes payable	12.715.715	17.751.865
Advances received	48.524.950	24.428.709
Total	61.240.665	42.180.574

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NOTE 9 - INVENTORIES

	31 December 2024	31 December 2023
Raw materials and supplies	142.771.620	169.586.248
Semi-finished goods	6.673.036	29.370.327
Finished goods	656.260.977	459.472.383
Merchandise	82.953.654	115.582.248
Other inventories	123.363.937	120.813.278
Less: Provision for impairment	(60.589.410)	(88.910.331)
Total	951.433.814	805.914.153

As of 31 December 2024, cost of inventories of the Group amounting to TL 2.883.226.481 (31 December 2023: TL 2.920.849.998) is recognized as an expense under cost of sales (Note 19 and 21).

Movements of the provision for impairment on inventories are as follows:

	1 January - 31 December 2024	1 January - 31 December 2023
Beginning of the period - 1 January	(88.910.331)	(40.940.138)
Additions (-)/reversals during the period (+)	28.320.921	(47.970.193)
End of the period - 31 December	(60.589.410)	(88.910.331)

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 2024	1 January - 31 December 2023
Cost	(135.436.968)	(374.385.956)
Net realisable value	74.847.558	285.475.625
Provisions during the period, net	(60.589.410)	(88.910.331)

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

NOTE 10 - INVESTMENT PROPERTIES

As of 31 December 2024, the Group has no investment properties (31 December 2023: TL 5.405.641).

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").

The Group disposed the relevant investment property for a total consideration amounting to TL 82.961.650 in 2024.

Cost	Opening balance - 1 January 2024	Additions	Disposals	Transfers	Closing balance - 31 December 2024
Land	5.405.641	-	5.405.641	-	-

Cost	Opening balance - 1 January 2023	Additions	Disposals	Transfers	Closing balance - 31 December 2023
Land	5.405.641	-	-	-	5.405.641

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NOTE 11 - PROPERTY, PLANT AND EQUIPMENT

Cost	Opening balance - 1 January 2024	Additions	Disposals	Transfers	Closing balance - 31 December 2024
Land	307.646.557	-	203.348.915	-	104.297.642
Land improvements	191.502.353	60.805	7.754.739	690.034	184.498.453
Buildings	1.305.822.387	-	35.398.337	10.268.698	1.280.692.748
Plant, machinery and equipment	10.781.527.138	44.282.317	9.363.823	95.202.028	10.911.647.660
Motor vehicles	27.746.770	112.287	3.232.642	-	24.626.415
Furniture and fixtures	381.619.181	2.679.184	5.095.144	-	379.203.221
Leasehold improvements	7.328.620	38.619	49.984	-	7.317.255
Other property, plant and equipment	16.541.189	616.259	6.526.404	-	10.631.044
Constructions in progress	75.383	106.191.854	-	(106.160.760)	106.477
	13.019.809.578	153.981.325	270.769.988	-	12.903.020.915

Accumulated depreciation

Land improvements	(141.351.514)	(5.981.749)	2.181.834	-	(145.151.429)
Buildings	(721.314.610)	(41.518.477)	9.330.673	-	(753.502.414)
Plant, machinery and equipment	(9.389.806.322)	(343.667.784)	7.153.111	-	(9.726.320.995)
Motor vehicles	(21.356.321)	(1.100.214)	2.966.183	-	(19.490.352)
Furniture and fixtures	(316.307.625)	(17.521.056)	2.732.738	-	(331.095.943)
Leasehold improvements	(7.127.106)	(79.681)	49.985	-	(7.156.802)
Other property, plant and equipment	(7.005.776)	(1.311.354)	3.594.961	-	(4.722.169)
	(10.604.269.274)	(411.180.315)	28.009.485	-	(10.987.440.104)
Net book value	2.415.540.304				1.915.580.811

Cost	Opening balance - 1 January 2023	Additions	Disposals	Transfers	Closing balance - 31 December 2023
Land	307.646.553	4	-	-	307.646.557
Land improvements	187.332.902	3.125.217	-	1.044.234	191.502.353
Buildings	1.236.941.893	57.656.042	-	11.224.452	1.305.822.387
Plant, machinery and equipment	10.568.720.355	180.660.042	4.080.470	36.227.211	10.781.527.138
Motor vehicles	27.657.283	141.211	51.724	-	27.746.770
Furniture and fixtures	368.051.473	14.082.801	515.093	-	381.619.181
Leasehold improvements	7.308.417	20.203	-	-	7.328.620
Other property, plant and equipment	15.912.247	1.446.931	817.989	-	16.541.189
Constructions in progress	4.025.911	44.545.369	-	(48.495.897)	75.383
	12.723.597.034	301.677.820	5.465.276	-	13.019.809.578

Accumulated depreciation

Land improvements	(135.462.399)	(5.889.115)	-	-	(141.351.514)
Buildings	(695.167.008)	(26.147.602)	-	-	(721.314.610)
Plant, machinery and equipment	(9.051.188.587)	(342.101.440)	3.483.705	-	(9.389.806.322)
Motor vehicles	(19.894.525)	(1.505.331)	43.535	-	(21.356.321)
Furniture and fixtures	(296.620.466)	(19.973.986)	286.827	-	(316.307.625)
Leasehold improvements	(7.034.008)	(93.098)	-	-	(7.127.106)
Other property, plant and equipment	(6.025.193)	(1.382.168)	401.585	-	(7.005.776)
	(10.211.392.186)	(397.092.740)	4.215.652	-	(10.604.269.274)
Net book value	2.512.204.848				2.415.540.304

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NOTE 11 - PROPERTY, PLANT AND EQUIPMENT (continued)

As of 31 December 2024, the Group has no machinery and equipment acquired through finance leases. (31 December 2023: None.)

The breakdown of the depreciation of property, plant and equipment by expenses by nature is as follows (Note 19-20):

	31 December 2024	31 December 2023
Idle capacity costs	(17.465.262)	(65.780.078)
Certified public accountancy costs, fees and charges	(380.935.115)	(320.377.358)
Marketing expenses	(9.482.168)	(6.210.171)
General administrative expenses	(3.297.770)	(4.725.137)
Total	(411.180.315)	(397.092.740)

NOTE 12 - RIGHT OF USE ASSETS AND INTANGIBLE ASSETS

Right of Use Assets

Cost	Opening balance - 1 January 2024	Additions	Disposals	Closing balance - 31 December 2024
Head office	38.730.824	5.575.364	-	44.306.188
	38.730.824	5.575.364	-	44.306.188
Accumulated depreciation	Opening balance - 1 January 2024	Additions	Disposals	Closing balance - 31 December 2024
Head office	(13.037.711)	(4.632.367)	-	(17.670.078)
	(13.037.711)	(4.632.367)	-	(17.670.078)
Net book value	25.693.113			26.636.110
Cost	Opening balance - 1 January 2023	Additions	Disposals	Closing balance - 31 December 2023
Head office	28.434.521	10.296.303	-	38.730.824
Motor vehicles	6.993.324	118.008	(7.111.332)	-
	35.427.845	10.414.311	(7.111.332)	38.730.824
Accumulated depreciation	Opening balance - 1 January 2023	Additions	Disposals	Closing balance - 31 December 2023
Head office	(9.231.324)	(3.806.387)	-	(13.037.711)
Motor vehicles	(4.248.999)	(1.415.605)	5.664.604	-
	(13.480.323)	(5.221.992)	5.664.604	(13.037.711)
Net book value	21.947.522			25.693.113

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

Intangible assets

Cost	Opening balance - 1 January 2024	Additions	Disposals	Closing balance - 31 December 2024
Rights and computer software	105.814.940	700.318	-	106.515.258
	105.814.940	700.318	-	106.515.258
Accumulated depreciation	Opening balance - 1 January 2024	Additions	Disposals	Closing balance - 31 December 2024
Rights and computer software	(80.705.971)	(3.188.902)	-	(83.894.873)
	(80.705.971)	(3.188.902)	-	(83.894.873)
Net book value	25.108.969			22.620.385
Cost	Opening balance - 1 January 2023	Additions	Disposals	Closing balance - 31 December 2023
Rights and computer software	105.810.396	4.544	-	105.814.940
	105.810.396	4.544	-	105.814.940
Accumulated depreciation	Opening balance - 1 January 2023	Additions	Disposals	Closing balance - 31 December 2023
Rights and computer software	(76.126.448)	(4.579.523)	-	(80.705.971)
	(76.126.448)	(4.579.523)	-	(80.705.971)
Net book value	29.683.948			25.108.969

The breakdown of the depreciation of intangible assets by expenses by nature is as follows:

	31 December 2024	31 December 2023
Certified public accountancy costs, fees and charges	(3.188.902)	(4.579.523)
Marketing expenses	-	-
General administrative expenses	(4.632.367)	(5.221.992)
Total	(7.821.269)	(9.801.515)

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).

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NOTE 13 - GOVERNMENT GRANTS (continued)

The total sum of expenditures envisaged to be incurred pursuant to the incentive certificate numbered B137821 on 18 October 2018 is equivalent of TL 130.138.000 whereas the sum of expenditures having been incurred during the period is equivalent of TL 115.791.487. The Group has been benefited from aforementioned government grants regarding the expenditures and the tax exemption amounting to TL 34.737.446 on corporate tax. Incentive certificate has expired during the period and the Group will make an application to the "Republic of Türkiye Ministry of Economy, Directorate of Incentive Implementation and Foreign Investment" for the investment incentive certificate in April 2023. On-site inspections were carried out by Kocaeli Provincial Directorate of Industry for the purpose of completion visa and the final result is not realised in August 2024.

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 2024	31 December 2023
Investment contributions available at the end of the reporting periods in historical amounts	152.312.270	152.787.175

NOTE 14 - PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Other short-term provisions

	31 December 2024	31 December 2023
Provision for export commission expense	5.559.661	4.856.502
Provision for lawsuits	4.224.820	-
Provision for export discount expenses	1.961.631	306.943
Provision for expense accruals	1.165.018	7.180.560
Total	12.911.130	12.344.005

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

	1 January - 31 December 2024	1 January - 31 December 2023
Beginning of the period - 1 January	12.344.005	19.415.164
Payments and reversals	(8.549.737)	(11.782.983)
Additions	12.911.130	12.344.005
Adjustments for inflation	(3.794.268)	(7.632.181)
End of the period - 31 December	12.911.130	12.344.005

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 2024 is as follows:

- 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.

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

- 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.
- 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.
- The Group has wide variety of ongoing labour receivables and compensation lawsuits and provision for lawsuits amounting to TL 4.224.820 has been allocated in the accompanying consolidated financial statements regarding relevant lawsuits.

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 2024 and 2023 is as follows:

		31 December 2024		31 December 2023	
Currency		Original currency amount	TL equivalent	Original currency amount	TL equivalent
CPM's received	TL	78.445.720	78.445.720	112.103.936	112.103.936
	EUR	17.945.000	659.231.109	18.585.000	874.048.768
	GBP	550.000	24.314.015	550.000	29.731.826
	USD	-	-	100.000	4.250.251
Total		761.990.844		1.020.134.781	

Collaterals, pledges, and mortgages ("CPM") position obtained from the suppliers of the Group as of 31 December 2024 and 2023 is as follows:

		31 December 2024		31 December 2023	
Currency		Original currency amount	TL equivalent	Original currency amount	TL equivalent
CPM's received	TL	3.973.978	3.973.978	5.737.581	5.737.581
	EUR	385.429	12.554.909	385.429	18.126.623
Total		16.528.887		23.864.204	

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

Collaterals, pledges, and mortgages ("CPM") position of the Group as of 31 December 2024 and 2023 is as follows:

	Currency	31 December 2024		31 December 2023	
		Original currency amount	TL equivalent	Original currency amount	TL equivalent
A. Total amount of CPM's given in the name of its own legal personality	TL	13.716.352	13.716.352	19.803.500	19.803.500
	USD	-	-	-	-
	EUR	110.000	3.583.129	110.000	5.173.278
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		24.976.778

The ratio of other CPM's given by the Group to its equity is 0% as of 31 December 2024 (31 December 2023: 0%).

e) Insurance coverage of assets

As of 31 December 2024 and 2023, the details of insurance coverage of assets are as follows:

Type	31 December 2024	31 December 2023
Buildings	222.338.706	325.362.911
Machinery and equipment	1.662.827.500	1.929.409.316
Cash on hand	462.135	667.225
Inventories	800.000.000	728.419.775
Furniture and fixtures	8.968.720	12.948.928
Motor vehicles	25.667.770	42.759.285
Total	2.720.264.831	3.039.567.440

NOTE 15 - COMMITMENTS

As of 31 December 2024 and 2023, the breakdown of commitments is as follows:

Type	Effective period	31 December 2024	31 December 2023
Raw material and supplies purchase contracts	Up to 1 year	59.840.747	124.432.517
Machinery and equipment purchase contracts	Up to 1 year	13.462.042	22.752.253
Services purchase contracts	Up to 1 year	2.498.585	74.599.173
Total		75.801.374	221.783.943

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NOTE 16 - EMPLOYEE BENEFITS

Due to employee benefits

	31 December 2024	31 December 2023
SSI premium and tax payables	15.487.393	26.152.137
Short-term benefits (e.g. wages and salaries, annual leave)	2.427.582	4.290.316
Other	183.666	252.882
Total	18.098.641	30.695.335

Short-term provisions for employee benefits

	31 December 2024	31 December 2023
Provision for bonus and salaries	21.319.664	2.252.930
Provision for unused vacation	5.494.579	6.600.418
Total	26.814.243	8.853.348

Short-term provisions for employee benefits (continued)

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

	31 December 2024	31 December 2023
Beginning of the period - 1 January	8.853.348	14.740.436
Increases during the period	26.814.243	8.853.348
Payments during the period	(6.132.029)	(8.945.909)
Adjustments for inflation	(2.721.319)	(5.794.527)
End of the period - 31 December	26.814.243	8.853.348

Long-term provisions for employee benefits

	31 December 2024	31 December 2023
Provision for employment termination benefits	56.195.573	87.651.377
Total	56.195.573	87.651.377

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 from 60 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.

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NOTE 16 - EMPLOYEE BENEFITS (continued)

Long-term provisions for employee benefits (continued)

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/IFRS 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 2024	31 December 2023
Net discount rate (%)	3.69	4.17
Turnover rate to estimate of the probability of retirement (%)	97.67	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 46,655,43 effective from 1 January 2025 (1 January 2024: TL 35,058,58) has been taken into consideration in calculating the provision for employment termination benefits.

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

	31 December 2024	31 December 2023
Beginning of the period - 1 January	87.651.377	113.152.778
Service costs	5.964.561	7.363.210
Interest costs	6.492.729	11.501.083
Actuarial losses (Note 18)	19.237.419	22.782.762
Losses on remeasurement of defined benefit plans	24.500.864	46.004.322
Payments during the period	(50.231.012)	(80.288.167)
Adjustments for inflation	(37.420.365)	(32.864.611)
End of the period - 31 December	56.195.573	87.651.377

NOTE 17 - PREPAID EXPENSES AND OTHER CURRENT ASSETS

a) Short-term prepaid expenses to third parties

	31 December 2024	31 December 2023
Advances given	4.969.685	24.762.687
Other prepaid expenses *	7.328.196	9.236.018
Total	12.297.881	33.998.705

* Includes insurance, maintenance and repair and subscription expenses

b) Other current assets from third parties

	31 December 2024	31 December 2023
Deferred VAT	130.622.940	98.241.741
Cash advances	35.100	722
Other	19.513	39.404
Total	130.677.553	98.281.867

c) Long-term prepaid expenses to third parties

	31 December 2024	31 December 2023
Advances given for property, plant and equipment and intangible assets	28.719.524	51.957.629
Total	28.719.524	51.957.629

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NOTE 18 - EQUITY

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

As of 31 December 2024 and 2023, the principal shareholders and their respective shareholding rates in Kartonsan are as follows:

	31 December 2024 - Amount	Share (%)	31 December 2023 - 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	871.038.781		871.038.781	
Total share capital	946.038.781		946.038.781	

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 2024 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	-
Adjustment to share capital	1.172.142.036	871.038.781	301.103.255
Share premium	15.006.551	10.942.662	4.063.889
Restricted reserves	986.944.624	817.496.766	169.447.858

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 share 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.

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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 2024 and 2023, the details of the restricted reserves are as follows:

	31 December 2024	31 December 2023
Legal reserves	773.710.190	771.062.961
Gains on disposal of subsidiaries, property, plant and equipment and intangible assets	43.786.576	43.786.576
Total	817.496.766	814.849.537

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.

As of 31 December 2024, the Group's net distributable profit and other available funds (except for the distributable portion of legal reserves) amounting to TL 1.083.208.259 (31 December 2023: TL 1.738.334.184). 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 (466.337.756) in the current period. As of 31 December 2024, the total amount of other funds which may be subject to dividend distribution amounting to TL 169.870.909 (31 December 2023: TL 443.488.269). 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.

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NOTE 18 - EQUITY (continued)

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 2024	31 December 2023
Beginning of the period - 1 January	(67.939.876)	(50.852.805)
Actuarial losses	(19.237.420)	(22.782.762)
Actuarial losses - tax effect (Note 25)	4.809.355	5.695.691
End of the period - 31 December	(82.367.941)	(67.939.876)

NOTE 19 - REVENUE AND COST OF SALES

	1 January - 31 December 2024	1 January - 31 December 2023
Domestic sales	3.920.755.470	3.551.912.261
Foreign sales	794.016.705	616.738.984
Other revenue	48.165.460	42.423.234
Sales returns (-)	(59.549.378)	(9.311.219)
Sales discounts (-)	(283.264.042)	(184.694.676)
Other discounts (-)	(549.405.251)	(435.888.167)
Revenue, net	3.870.718.964	3.581.180.417

	1 January - 31 December 2024	1 January - 31 December 2023
Cost of sales		
Changes in raw material and semi-finished inventories	(2.883.226.481)	(2.920.849.998)
General production costs	(157.958.762)	(115.877.727)
Depreciation and amortisation charges	(384.124.010)	(324.956.879)
Employee benefits	(308.833.167)	(210.998.698)
Cost of goods sold (-)	(3.734.142.420)	(3.572.683.302)
Cost of merchandise sold	(484.990.599)	(636.305.484)
Other cost of sales	(48.455.488)	(38.463.655)
Cost of sales, net	(4.267.588.507)	(4.247.452.441)
Gross profit	(396.869.543)	(666.272.024)

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NOTE 20 - GENERAL ADMINISTRATIVE AND MARKETING EXPENSES

a) General administrative expenses

	1 January - 31 December 2024	1 January - 31 December 2023
Employee benefits	(73.382.990)	(68.239.317)
Employment termination benefits	(51.401.772)	(49.450.927)
Outsourcing expenses	(21.478.354)	(19.450.702)
Union, chamber and subscription expenses	(4.038.432)	(3.686.402)
Taxes, duties and charges	(5.078.641)	(8.035.470)
Depreciation and amortisation charges	(7.930.137)	(9.947.130)
Grants and donations	(112.228)	(2.220.244)
Other	(5.532.014)	(4.026.911)
Total	(168.954.568)	(165.057.103)

b) Marketing expenses

	1 January- 31 December 2024	1 January - 31 December 2023
Transportation, distribution and storage expense	(146.726.268)	(93.189.643)
Employee benefits	(27.891.576)	(24.363.323)
Export costs	(8.907.318)	(5.154.786)
Compensation and discounts paid	(2.191.172)	(4.763.728)
Security expenses	(1.728.638)	(1.566.334)
Taxes, duties and charges	(1.454.995)	(1.187.033)
Depreciation and amortisation charges	(9.482.168)	(6.210.171)
Insurance expenses	(691.143)	(760.369)
Repair and maintenance expenses	(268.896)	(505.305)
Other	(7.239.638)	(9.007.668)
Total	(206.581.812)	(146.708.360)

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NOTE 21 - EXPENSES BY NATURE

	1 January- 31 December 2024	1 January - 31 December 2023
Changes in raw material and semi-finished inventories	(2.883.226.481)	(2.920.849.998)
Cost of merchandise sold	(484.990.599)	(636.305.484)
Outsourcing expenses	(179.437.116)	(135.328.429)
Employee benefits	(410.107.733)	(303.601.338)
Depreciation and amortization charges*	(401.536.315)	(341.114.180)
Transportation, distribution and storage expense	(146.726.268)	(93.189.643)
Other cost of sales	(48.455.488)	(38.463.655)
Employment termination benefits	(51.401.772)	(49.450.927)
Export costs	(8.907.318)	(5.154.786)
Union, chamber and subscription expenses	(4.038.432)	(3.686.402)
Compensation and discounts paid	(2.191.172)	(4.763.728)
Taxes, duties and charges	(6.533.636)	(9.222.503)
Grants and donations	(112.228)	(2.220.244)
Security expenses	(1.728.638)	(1.566.334)
Insurance expenses	(691.143)	(760.369)
Repair and maintenance expenses	(268.896)	(505.305)
Other	(12.771.652)	(13.034.579)
Total	(4.643.124.887)	(4.559.217.904)

The breakdown of the depreciation and amortisation charges recognised under expenses by nature is as follows (Note 19-20):

	31 December 2024	31 December 2023
Idle capacity costs	(17.465.262)	(65.780.078)
Certified public accountancy costs, fees and charges	(384.124.017)	(324.956.881)
Marketing expenses	(9.482.168)	(6.210.171)
General administrative expenses	(7.930.137)	(9.947.129)
Depreciation and amortisation charges, net	(419.001.584)	(406.894.259)

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NOTE 22 - OTHER OPERATING INCOME AND EXPENSES

	1 January - 31 December 2024	1 January - 31 December 2023
Other operating income		
Foreign exchange gains (Trade receivables and payables)	51.182.899	114.856.184
Interest income	34.333.909	32.933.554
Scrap sales revenues	4.250.470	6.679.469
Interest on late payments	4.627.302	162.747
Income from insurance compensation and claims	1.214.094	3.829.308
Other	2.212.462	9.927.122
Total	97.821.136	168.388.384
Other operating expenses		
Interest expenses	(73.688.298)	(45.153.847)
Foreign exchange losses	(54.753.409)	(92.790.508)
Idle capacity costs*	(22.491.974)	(188.402.157)
Provision for lawsuits	(4.224.820)	-
Provision for doubtful receivables	(91.610)	(246.947)
Expenses from tax payments arising from tax restructuring law	-	(25.921.290)
Other	(7.669.619)	(12.202.793)
Total	(162.919.730)	(364.717.542)

* Due to the strike of unionized employee and the production could not be realised between 22 December 2022-10 April 2023, general manufacturing expenses for the relevant period are considered as "Idle capacity costs" in the accompanying consolidated financial statements in 2023.

NOTE 23 - GAINS AND LOSSES FROM INVESTMENT ACTIVITIES

	1 January - 31 December 2024	1 January - 31 December 2023
Gains from investment activities		
Gain on disposal of non-current assets	246.705.235	1.877.497
Interest income	16.614.375	41.602.925
Foreign exchange gains (Except for trade receivables and payables)	11.516.669	203.517.221
Total	274.836.279	246.997.643
Losses from investment activities		
Foreign exchange losses (Except for trade receivables and payables)	(9.485.571)	(22.159.063)
Total	(9.485.571)	(22.159.063)

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NOTE 24 - FINANCIAL EXPENSES

	1 January- 31 December 2024	1 January - 31 December 2023
Credit card fees and commissions	(141.395.688)	(74.814.483)
Interest expenses from TFRS 16 Leases	(1.875.141)	(2.329.019)
Bank deposit risk expenses under TFRS 9	(170.695)	457.245
Interest expenses	(167.999.112)	(75)
Other	(6.456.992)	(807.850)
Total	(317.897.628)	(77.494.182)

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

As of 31 December 2024 and 2023, the detailed analysis of current income tax liabilities in the consolidated statements of financial position is as follows:

	31 December 2024	31 December 2023
Current period tax expense	12.276.821	17.753.876
Less: Prepaid taxes	(8.624.554)	(12.090.014)
Current income tax liabilities, net	3.652.267	5.663.862

As of 31 December 2024 and 2023, 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 2024	1 January - 31 December 2023
Current period tax expense (-)	(13.164.653)	(17.753.878)
Deferred income tax	180.885.563	423.837.526
Tax income/(expense)	167.720.910	406.083.648

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

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 Türkiye 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 2023: 25%).

In accordance with the amendment on corporate tax law numbered 31462, published in Official Gazette on 22 April 2021, corporate tax rate, which is 20% in Türkiye, 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. In accordance with Article 21 of the relevant 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). Additional tax is paid if the profit is not distributed.

To the limited taxpayer entities that are generating income through a permanent establishment in Türkiye, or via a permanent representative no withholding is applied, and the dividends paid to the entities who are resident in Türkiye 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 on 1 August 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 numbered 5024 was published, regarding Income Tax Law and Corporate Tax Law in the Official Gazette on 30 December 2003 ("Law No. 5024") which 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 satisfied in 2004, inflation adjustment was not realised 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 as at and for the year ended 31 December 2024.

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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 2024.

Accordingly, while preparing the consolidated financial statements as at and for the year ended 31 December 2024, 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%, 2022 for 23% and 2023 for 25%) 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.

In Türkiye, there is no such practice as reconciliation with the tax authority regarding the taxes payable. Corporate tax returns are submitted to the tax office until the evening of the last day of the fourth month following the close of the accounting period.

Tax authorities may examine the accounting records within five years and if erroneous transactions are determined, tax amounts may change 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 2024 and 2023 are as follows:

	1 January- 31 December 2024	1 January - 31 December 2023
Profit before tax	(821.881.120)	(1.628.451.557)
Tax calculated at domestic tax rate (-)	205.470.280	407.112.890
Effect of change in corporate tax investment discount	46.488.418	56.367.148
Effect of non-deductible expenses	(12.321.242)	(15.176.149)
Other	(71.916.546)	(42.220.241)
Tax income/(expense)	167.720.910	406.083.648

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

b) Deferred tax

Kartonsan and its subsidiaries recognize 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 2024 and 2023, 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 2024	31 December 2023	31 December 2024	31 December 2023
Property, plant and equipment and intangible assets	175.210.745	116.497.616	43.802.686	30.796.470
Provisions for employee benefits	56.195.573	87.651.377	14.048.894	21.912.844
Inventories	124.243.371	58.242.314	(31.060.843)	(14.560.580)
Non-accrued financial income	361.922	2.707.789	90.480	(676.949)
Provision for doubtful trade receivables	346.837	386.480	86.709	96.621
Financial losses	862.939.900	456.216.290	215.734.975	114.054.072
Discounted corporate tax investment contributions		-	152.312.270	152.787.177
Other, net	2.010.069	5.880.469	502.517	(1.470.117)
Deferred tax assets, net			395.517.688	302.939.538
Deferred tax assets			400.985.670	350.513.596
Deferred tax liabilities			(5.467.982)	(47.574.058)
Deferred tax assets/(liabilities), net			395.517.688	302.939.538

Movements in deferred tax assets are as follows:

	1 January - 31 December 2024	1 January - 31 December 2023
Beginning of the period - 1 January	302.939.538	(208.592.100)
Charge to the statement of profit or loss	180.885.562	423.837.526
Actuarial losses classified under equity, tax effect (Note 18)	4.809.355	5.695.691
Adjustments for inflation	(93.116.767)	81.998.421
Total deferred tax assets, net - (End of the period - 31 December)	395.517.688	302.939.538

NOTE 26 - EARNINGS PER SHARE

	1 January - 31 December 2024	1 January - 31 December 2023
Profit attributable to equity holders of the parent	(651.352.361)	(895.649.025)
Weighted average number of shares	75.000.000	75.000.000
Earnings per share	(8.68469815)	(11.94198700)

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NOTE 27 - FINANCIAL INSTRUMENTS

a) Classification of financial instruments

	31 December 2024	31 December 2023
Cash and cash equivalents	202.187.567	137.324.746
Trade receivables	210.392.568	340.152.478
Total	412.580.135	477.477.224

Financial liabilities measured by effective interest method

	31 December 2024	31 December 2023
Trade payables	512.707.054	663.786.998
Borrowings	450.984.311	11.045.402
Total	963.691.365	674.832.400

b) Fair value of financial instruments

As of 31 December 2024 and 2023, 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.

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

28.1 Financial risk factors (continued)

As of 31 December 2024 and 2023, the foreign exchange position of Kartonsan is as follows:

31 December 2024

	TL equivalent (functional currency)	USD	EUR	Other
1. Trade Receivables	87.724.644	18.351	2.018.166	292.655
2a. Monetary Financial Assets	48.865.285	461.929	801.091	70.510
2b. Non-Monetary Financial Assets				
3. Other				
4. Total Current Assets (1+2+3)	136.589.929	480.280	2.819.257	363.165
5. Trade Receivables				
6a. Monetary Financial Assets	28.632.761	789.904	20.816	-
6b. Non-Monetary Financial Assets				
7. Other				
8. Total Non-Current Assets (5+6+7)	28.632.761	789.904	20.816	-
9. Total Assets (4+8)	165.222.690	1.270.184	2.840.073	363.165
10. Trade Payables	205.427.491	358.761	5.201.605	38.072
11. Financial Liabilities	183.681.000	-	5.000.000	-
12a. Other Monetary Liabilities	-	-	-	-
12b. Other Non-Monetary Liabilities				
13. Total Current Liabilities (10+11+12)	389.108.491	358.761	10.201.605	38.072
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)	389.108.491	358.761	10.201.605	38.072
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)	(223.885.801)	911.423	(7.361.532)	325.093
21. Monetary Items Net Foreign Exchange Asset/(liability) position (1+2a+5+6a-10-11-12a-14-15-16a)	(223.885.801)	911.423	(7.361.532)	325.093
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	907.442.386	43.375.971	760.144.536	32.833.758
26. Import	844.975.352	237.232.600	607.742.752	-

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

28.1 Financial risk factors (continued)

31 December 2023

	TL equivalent (functional currency)	USD	EUR	Other
1. Trade Receivables	146.096.461	91.493	2.999.928	20.752
2a. Monetary Financial Assets	94.618.479	378.407	1.652.383	14.280
2b. Non-Monetary Financial Assets	-	-	-	-
3. Other	-	-	-	-
4. Total Current Assets (1+2+3)	240.714.940	469.900	4.652.311	35.032
5. Trade Receivables	-	-	-	-
6a. Monetary Financial Assets	43.460.740	662.916	325.010	-
6b. Non-Monetary Financial Assets	-	-	-	-
7. Other	-	-	-	-
8. Total Non-Current Assets (5+6+7)	43.460.740	662.916	325.010	-
9. Total Assets (4+8)	284.175.680	1.132.816	4.977.321	35.032
10. Trade Payables	289.970.316	986.927	8.004.635	4.668
11. Financial Liabilities	-	-	-	-
12a. Other Monetary Liabilities	-	-	-	-
12b. Other Non-Monetary Liabilities	-	-	-	-
13. Total Current Liabilities (10+11+12)	289.970.316	986.927	8.004.635	4.668
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)	289.970.316	986.927	8.004.635	4.668
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)	(5.794.636)	145.889	(3.027.314)	30.364
21. Monetary Items Net Foreign Exchange Asset/(liability) position (1+2a+5+6a-10-11-12a-14-15-16a)	(5.794.636)	145.889	(3.027.314)	30.364
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	550.427.910	761.990	13.692.969	212.406
26. Import	733.971.454	6.879.492	13.296.900	-

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Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2024

(Amounts on tables expressed in Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2024 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 2024 and 2023 for the changes at the rate of 10%:

	31 December 2024			
	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	3.185.780	(3.185.780)	3.185.780	(3.185.780)
2- Hedged portion of USD Risk (-)				
3- USD Net Effect (1+2)	3.185.780	(3.185.780)	3.185.780	(3.185.780)
Change in EUR against TL by 10%				
4- EUR Net Asset/Liability	(27.009.489)	27.009.489	(27.009.489)	27.009.489
5- Hedged portion of EUR Risk (-)				
6- EUR Net Effect (4+5)	(27.009.489)	27.009.489	(27.009.489)	27.009.489
Change in Other currencies against TL by 10%				
7- Other currencies Net Asset/Liability	1.435.129	(1.435.129)	1.435.129	(1.435.129)
8- Hedged portion of Other currencies Risk (-)				
9- Other currencies Net Effect (7+8)	1.435.129	(1.435.129)	1.435.129	(1.435.129)
Total (3+6+9)	(22.388.580)	22.388.580	(22.388.580)	22.388.580
	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	1.873.579	(1.873.579)	1.873.579	(1.873.579)
2- Hedged portion of USD Risk (-)				
3- USD Net Effect (1+2)	1.873.579	(1.873.579)	1.873.579	(1.873.579)
Change in EUR against TL by 10%				
4- EUR Net Asset/Liability	(2.622.474)	2.622.474	(2.622.474)	2.622.474
5- Hedged portion of EUR Risk (-)				
6- EUR Net Effect (4+5)	(2.622.474)	2.622.474	(2.622.474)	2.622.474
Change in Other currencies against TL by 10%				
7- Other currencies Net Asset/Liability	169.433	(169.433)	169.433	(169.433)
8- Hedged portion of Other currencies Risk (-)				
9- Other currencies Net Effect (7+8)	169.433	(169.433)	169.433	(169.433)
Total (3+6+9)	(579.462)	579.462	(579.462)	579.462

KARTONSAN KARTON SANAYİ VE TİCARET A.Ş.

Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2024

(Tutarlar aksi belirtilmedikçe Türk Lirası'nın ("TL") 31 Aralık 2024 tarihi itibarıyla satın alma gücüne göre ifade edilmiştir.)
(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 statement of financial position

31 December 2024	Trade receivables		Other receivables		Bank deposits	Total
	Related party	Other	Related party	Other	Other	
Maximum exposure to credit risk as of reporting date (A+B+C+D+E) ^(*)	-	210.392.568	-	23.457.321	201.584.201	435.434.090
- Maximum risk secured with guarantees and collaterals		128.688.735				128.688.735
A. Net book value of neither past due nor impaired financial assets	-	124.053.509	-	23.457.321	201.584.201	349.095.031
B. Net book value of past due but not impaired financial assets	-	86.339.059	-	-	-	86.339.059
C. Net book value of impaired assets	-	-	-	-	-	-
- Past due (gross book value)	-	1.393.184	-	-	-	1.393.184
- Impairment (-)	-	(1.393.184)	-	-	-	(1.393.184)
- 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 while 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 2024

(Amounts on tables expressed in Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2024 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)

b) Credit risk

31 December 2023	Trade receivables		Other receivables		Bank deposits	Total
	Related party	Other	Related party	Other	Other	
Maximum exposure to credit risk as of reporting date (A+B+C+D+E) ^(*)	15.529.633	324.622.844	-	42.965.902	136.649.959	519.768.338
- Maximum risk secured with guarantees and collaterals	-	206.868.259	-	-	-	206.868.259
A. Net book value of neither past due nor impaired financial assets	15.529.633	190.567.145	-	42.965.902	136.649.959	385.712.639
B. Net book value of past due but not impaired financial assets	-	134.055.699	-	-	-	134.055.699
C. Net book value of impaired assets	-	-	-	-	-	-
- Past due (gross book value)	-	1.927.392	-	-	-	1.927.392
- Impairment (-)	-	(1.927.392)	-	-	-	(1.927.392)
- 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 while determining the amount.

As of 31 December 2024, trade receivables amounting to TL 86.339.059 (31 December 2023: TL 134.055.699) are past due but not impaired. The aforementioned trade receivables include independent customers who pay their past debts without delay. In addition, trade receivables amounting to TL 41.121.271 (31 December 2023: TL 67.208.393) are collateralised through obtaining letter of guarantees. The analysis of aging of past due but not impaired trade receivables is as follows:

	31 December 2024	31 December 2023
Past due up to 1 month	78.998.669	132.314.527
Past due 1-3 months	6.742.827	1.298.677
Past due 3-12 months	597.563	442.495
Past due 1-5 years	-	-
Total	86.339.059	134.055.699

KARTONSAN KARTON SANAYİ VE TİCARET A.Ş.

Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2024

(Tutarlar aksi belirtilmedikçe Türk Lirası'nın ("TL") 31 Aralık 2024 tarihi itibarıyla satın alma gücüne göre ifade edilmiştir.)
(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 2024 and 2023 are as follows:

31 December 2024

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	10.612.288	15.196.905	660.735	1.982.205	10.571.760	1.982.205
Short-term payables due to related parties	200.000.000	151.900.972	12.797.500	139.103.472		
Bank borrowings	240.372.023	240.372.023	240.372.023	-	-	-
Trade payables	512.707.054	516.558.326	516.558.326	-	-	-
Employee benefits	18.098.641	18.098.641	18.098.641	-	-	-
Other payables	61.420.596	61.420.596	61.420.596	-	-	-
Total	1.043.210.602	1.003.547.463	849.907.821	141.085.677	10.571.760	1.982.205

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	11.045.402	16.740.467	620.017	1.860.052	9.920.277	4.340.121
Bank borrowings	-	-	-	-	-	-
Trade payables	663.786.997	668.386.558	668.386.558	-	-	-
Employee benefits	30.695.335	30.695.335	30.695.335	-	-	-
Other payables	42.395.299	42.395.299	42.395.299	-	-	-
Total	747.923.033	758.217.659	742.097.209	1.860.052	9.920.277	4.340.121

KARTONSAN KARTON SANAYİ VE TİCARET A.Ş.

Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2024

(Amounts on tables expressed in Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2024 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 2024 and 2023 are as follows:

	31 December 2024	31 December 2023
Total borrowings	1.148.251.797	910.009.683
Less: Cash and cash equivalents (Note 4)	(202.187.567)	(137.324.746)
Net financial debt	946.064.230	772.684.937
Equity	2.776.737.407	3.443.942.125
Invested capital	3.722.801.637	4.216.627.062
Net financial debt/invested capital ratio	25.41%	18.32%

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

As of 31 December 2024, total fees received for the reporting period is amounting to TL 2.594.540 (31 December 2023: TL 2.999.491).

	31.12.2024	31.12.2023
Audit fee for the reporting period	2.503.646	1.600.202
Tax consulting fee	-	910.928
Other service fee apart from audit	90.894	488.361
Total	2.594.540	2.999.491

⁽¹⁾ 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 joint ventures have been converted into TL using the annual average rates of the relevant years.

⁽²⁾ 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 2024

(Tutarlar aksi belirtilmedikçe Türk Lirası'nın ("TL") 31 Aralık 2024 tarihi itibarıyla satın alma gücüne göre ifade edilmiştir.)
(Convenience translation into english of the consolidated financial statements originally issued in Turkish)

NOTE 30 - NET MONETARY POSITION GAINS/(LOSSES)

As of 31 December 2024, the details of the net monetary position gains/(losses) in accordance with TAS 29 are as follows:

	1 January - 31 December 2024
Non-monetary items	
Statement of financial position	(560.811.066)
Inventories	67.383.219
Prepaid expenses	(444.158)
Other receivables	179.596
Property, plant and equipment	416.944.415
Other intangible assets	7.771.199
Right of use assets	9.352.366
Paid-in share capital	(290.787.440)
Share premium	(3.363.525)
Gains/(losses) on remeasurements of defined benefit plans	20.883.182
Restricted reserves	(250.873.792)
Retained earnings	(537.328.411)
Non-controlling interests	(527.717)
Statement of profit or loss	631.491.275
Revenue	(621.514.822)
Cost of sales (-)	937.503.538
General administrative expenses (-)	19.550.514
Marketing expenses (-)	44.873.917
Other operating income/expenses (+)/(-)	24.061.386
Gains/losses from investment activities (+)/(-)	190.673.014
Financial income/expenses (+)/(-)	36.343.728
Net monetary position gains/(losses)	70.680.209

NOTE 31 - EVENTS AFTER THE REPORTING PERIOD

- a) In accordance with the "Material Event Disclosure" on 28 January 2025 and as a result of the ongoing negotiations with the Turkish Cellulose, Paper, Wood and Products Workers' Union ("Selüloz İş") regarding the unionised personnel employed by Kartonsan to make a contract for a 2-year period (01.09.2024-31.08.2026), no agreement was reached and determined and resulted in a dispute, the Turkish Cellulose, Paper, Wood and Products Workers' Union ("Selüloz İş") announced that a strike decision was taken at the production facility of Kartonsan at Kullar Başiskele/KOCAELİ with the decisions of the General Board of Directors of the Union on 28 January 2025 and numbered 8 and 9 of the General Executive Board of the Union, a strike decision has been taken at the production facility of our company located at Kullar Başiskele/KOCAELİ, the strike decision will be effective on 26 February 2025 at 08:00, and the relevant decision has been notified to the Group, as indicated in the Material Event Disclosure on 25 February 2025 regarding the same matter and it has been announced to the public that the collective bargaining agreement negotiations have been concluded with an agreement for the period 01.09.2024-31.08.2026 and the previously announced strike decision has been removed from the implementation.
- b) In accordance with the "Material Event Disclosures" on 24 December 2024 and 28 February 2025 and within the framework of Article 10 of the Group's articles of association, pursuant to the authorisation granted to the Board of Directors, the application to the Capital Markets Board (the "CMB") on 24 December 2024 for permission to issue a debt instrument in Turkish Lira ("TL") with a maximum nominal value amounting to TL 1.000.000.000 (one billion Turkish Lira), to be sold in one or more installments within in the country, on a private placement basis without public offering, was rejected ex officio by the Capital Markets Board due to lack of documents without any official notification and without any deadline. The rejection process has been determined with the automatic e-mail notification sent to our e-mail address. Kartonsan will assess the relevant development and whether or not to reapply regarding debt instrument.

KARTONSAN KARTON SANAYİ VE TİCARET A.Ş.

Notes to the Consolidated Financial Statements As at and for the Year Ended 31 December 2024

(Amounts on tables expressed in Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2024 unless otherwise indicated.)
(Convenience translation into english of the consolidated financial statements originally issued in Turkish)

NOTE 32 - 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

In accordance with the provisions of Article 155, paragraph 1, subparagraph a and Article 156 of the Turkish Commercial Code numbered 6102, Articles 19 and 20 of the Corporate Tax Law No. 5520, Corporate Tax General Communiqué Serial No. 1, Trade Registry Regulation and other legislative provisions and Article 13 of the Capital Markets Board's Communiqué on Merger and Demerger No. II-23.2. Pursuant to the provisions of Article 13 of the Merger and Demerger Communiqué numbered II-23.2 of the Capital Markets Board and the provisions of Article 13 of the Merger and Demerger Communiqué numbered II-23.2 of the Capital Markets Board, Dönkasan Dönüştürülen Atık Kağıt Sanayi ve Ticaret Anonim Şirketi, which is a subsidiary with 100% effective ownership interest pursuant to the provisions of Article 13 of the Merger and Demerger Communiqué numbered II-23.2 of the Capital Markets Board, registered under the registration numbered 978882-0 of the Istanbul Trade Registry Directorate, with the Mersis numbered 0311036837000013, will be acquired by Kartonsan. The merger transaction was registered on 25 December 2024 and announced in the Official Gazette on 26 December 2024 acquired by Kartonsan with the "Merger in Simplified Procedure". As a result of the "Simplified Merger", Dönkasan Dönüştürülen Atık Kağıt Sanayi ve Ticaret Anonim Şirketi, a subsidiary, was dissolved without liquidation.

As a result of the merger of "Dönkasan Dönüştürülen Atık Kağıt Sanayi ve Ticaret Anonim Şirketi, which is a subsidiary with 100% effective ownership interest, accounted for on a line-by-line basis in the consolidated financial statements, and no has not been recognised in the accompanying consolidated financial statements and there has been no material influence on the results for the period.

OTHER INFORMATION AND MATTERS THAT MUST BE EXPLAINED PURSUANT TO THE LEGISLATION

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

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 41 140 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.

	31 December 2024	Effective ownership interest (%)	31 December 2023	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.

OTHER INFORMATION AND MATTERS THAT MUST BE EXPLAINED PURSUANT TO THE LEGISLATION

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

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	Dematerialised Shares	A	5,287	52.87	-
Bearer	Dematerialised 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
MGI Bağımsız Denetim A.Ş.	Independent Auditor	01.01.2024	31.12.2024	09.07.2024

* MGI Bağımsız Denetim Anonim Şirketi is the independent audit firm selected by the Company within the framework of the CMB 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 Kağıt San. ve Tic. Anonim Şirketi has been registered as a result of being subject to full demerger on 10 June 2015.

In accordance with the provisions of Article 155, paragraph 1, subparagraph a and Article 156 of the Turkish Commercial Code No. 6102, Articles 19 and 20 of the Corporate Tax Law No. 5520, General Communiqué Serial No. 1, Trade Registry Regulation and other legislative provisions and Article 13 of the Capital Markets Board's Communiqué on Merger and Demerger No. II-23.2. Pursuant to the provisions of Article 13 of the Merger and Demerger Communiqué numbered II-23.2 of the Capital Markets Board and the provisions of Article 13 of the Merger and Demerger Communiqué numbered II-23.2 of the Capital Markets Board, Dönkasan Dönüştürülen Atık Kağıt Sanayi ve Ticaret Anonim Şirketi, which is a 100% Subsidiary, registered under the registration number 978882-0 of the Istanbul Trade Registry Directorate, with the Mersis number 0311036837000013, was registered on 25.12.2024 and announced in the Turkish Trade Registry Gazette dated 26.12.2024. As a result of the "Simplified Merger", Dönkasan Dönüştürülen Atık Kağıt Sanayi ve Ticaret Anonim Şirketi, a subsidiary, was dissolved without liquidation.

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.

OTHER INFORMATION AND MATTERS THAT MUST BE EXPLAINED PURSUANT TO THE LEGISLATION

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

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. As indicated in the Company's material event disclosure dated 26.07.2024, it has been decided to stop the cardboard production activity in the cardboard production line number 1 (KM1) indefinitely until a new saving is made in the future. The theoretical annual capacity of the discontinued cardboard production line number 1 is calculated to be approximately 80.000 tonnes/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 Dağıtım Politikası](http://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 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. Unless otherwise decided at the General Assembly, dividends will continue to be distributed by considering a balance between the possible expectations of our shareholders and growth strategies.

The Ordinary General Assembly meeting for the year 2023 was held on 09.07.2024. Since the Company has operating loss in 2023, it was decided not to distribute any profit to the ordinary and privileged shareholders in accordance with the decision taken at the Ordinary General Assembly.

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 subsequent 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.

OTHER INFORMATION AND MATTERS THAT MUST BE EXPLAINED PURSUANT TO THE LEGISLATION

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

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 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.

OTHER INFORMATION AND MATTERS THAT MUST BE EXPLAINED PURSUANT TO THE LEGISLATION

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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.

In addition to its contribution to the Turkish economy, it stands out with its competence to use a high percentage of waste paper in production, environmentally friendly current production technologies, lean management structure and employment. Paper production

Kartonsan was established with an entrepreneurial and courageous approach in a market where the state was in charge is the first speciality coated cardboard producer.

The company has 2 separate cardboard production lines and the total annual theoretical production capacity of the two lines is calculated as approximately 240.000 tonnes/year. As stated in the Company's material event disclosure dated 26.07.2024, it has been decided to stop the cardboard production activity in the cardboard production line number 1 (KM1) indefinitely until a new disposition is made in the future. The theoretical annual capacity of the discontinued carton production line no. 1 is estimated to be approximately 80,000 tonnes/year.

Kartonsan products reach a customer base spread across a wide geography in Eurasia. The Company's position in the sector and information about the sector are explained in detail in the previous sections of the annual report.

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 pioneering coated cardboard producer with a total production capacity of approximately 240 thousand tons/year. Current investments are related to the maintenance of the plant, quality and productivity increases.

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 realised 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 152.312.269 as of 31 December 2024.

7) QUALIFICATIONS OF THE FACTORY PRODUCTION UNITS, CAPACITY UTILAZITION 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 2023: 240,000-Tons/Year) The production and sales volume for the year 2024 and 2023 are presented as follows. As of 31 December 2024, it has been estimated that the net capacity utilization rate is approximately 73% (31 December 2023: 49%).

OTHER INFORMATION AND MATTERS THAT MUST BE EXPLAINED PURSUANT TO THE LEGISLATION

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In 2024, production was suspended on production line number 1 on various dates within the scope of maintenance works and market conditions. As stated in the Company's material event disclosure dated 26.07.2024, it has been decided to stop the cardboard production activity in the cardboard production line number 1 (KM1) indefinitely until the Company makes another new disposition in the future. The theoretical annual capacity of the discontinued cardboard production line no. 1 is calculated to be approximately 80,000 tons/year. The related material event disclosures made by our company on the subject can be accessed at <https://www.kap.org.tr/tr/sirket-bilgileri/ozet/997-kartonsan-karton-sanayi-ve-ticaret-a-s>.

The relevant matter has direct material influence on production and sales activities.

The net production volume output of Kartonsan is as follows:

	31 December 2024	31 December 2023
Coated Cardboard (Tons)	176.197	118.320
Electricity Generation (10 ³ kWh)	119.203	85.205

8) DISCLOSURES REGARDING CONSOLIDATED SALES

Kartonsan's consolidated net sales volume for the years ended 2024 and 2023 is compared as follows:

Sales Volume	31 December 2024	31 December 2023
Coated Cardboard (Tons)	173.667	134.930
Electricity Generation (10 ³ kWh)	16.917	10.815
Scrap Paper Sales (Tons)	3.934	11.204

In 2023, our consolidated net revenue subject to inflation accounting was amounting to TL 3.581.180.417, while our consolidated net revenue in 2024 was amounting to TL 3.870.718.964.

9) FINANCIAL RATIO ANALYSIS OF THE CONSOLIDATED FINANCIAL STATEMENTS

LIQUIDITY RATIO		31.12.2024	31.12.2023
Current Ratio	Current Assets / Current Liabilities	1.42	1.93
Acid test Ratio	(Current Assets-Inventories) / Current Liabilities	0.54	0.88
Inventories/Current Asset	Inventories / Current Assets	0.62	0.54
Working Capital Ratio	Current Assets (Excluding Cash and Treasury Notes) - Current Liabilities (Excluding Loans)	692.070.924	578.084.683
Working Capital Turnover Rate		3.46	4.93
Cash Ratio	(Cash and Cash Equivalents) / Current Liabilities	0.19	0.18
CAPITAL STRUCTURE RATIO			
Financial Leverage	(Debt) / Shareholders Equity	0.29	0.21
Total Debt to Equity Ratio		0.41	0.26
Current Debt to Equity Ratio		0.39	0.22
Non-Current Debts to Equity Ratio		0.03	0.04
Non-Current Assets to Equity Ratio		0.86	0.83
Liabilities to Equity Ratio		0.16	-
PROFITABILITY RATIO			
Asset Turnover Ratio	Net Sales / Total Assets	0.99	0.82
Gross Profit Margin	Gross Sales Profit / Net Sales	(0.10)	(0.19)
Return on Investment (ROI)	Net Profit / Total Assets	(0.17)	(0.21)
Net Profit / Net Sales		(0.17)	(0.25)
Profit Before Tax / Net Sales		(0.21)	(0.36)
Net Profit / Equity		(0.24)	(0.26)
Operating Profit / Sales Revenue		(0.22)	(0.33)
Earnings Per Share		(8.68)	(11.94)
Cash and Cash Equivalents		202.187.567	137.324.746
Financial Liabilities		450.984.311	11.045.402
Net Financial Position		(248.796.744)	126.279.344
Trade Receivables		210.392.568	340.152.478
Other Receivables		23.457.321	42.965.902
Inventories		951.433.814	805.914.153
Trade Payables		512.707.054	663.786.998
Other Payables		79.519.237	73.090.633

OTHER INFORMATION AND MATTERS THAT MUST BE EXPLAINED PURSUANT TO THE LEGISLATION

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

10) DISCLOSURES REGARDING CHANGES IN KEY MANAGEMENT PERSONNEL DURING THE PERIOD

Mr. Haluk İber, who served as a Member of the Board of Directors and General Manager. Haluk İber resigned from his position as a Member of the Board of Directors effective as of 15.08.2024 and from his position as General Manager effective as of 31.08.2024 with the notification made to our company on 15.08.2024. The Board of Directors has decided to appoint Mr. Haluk İber as a member of the Board of Directors, effective from 15.08.2024. Mr. Ümit Özkan, who has been serving as 'Board Member and General Manager' of Selka İç ve Dış Ticaret A.Ş., one of the subsidiaries of our company, as 'Board Member' to serve for the term of office of the vacant board member and to be submitted for approval at the first general assembly meeting to be held in accordance with Article 363 of the Turkish Commercial Code No. 6102. Mr. Ümit Özkan was appointed as 'Member of the Board of Directors' to be effective as of 01.09.2024. Mr. Ümit Özkan has been appointed as the General Manager as well as a member of the Board of Directors.

Information regarding the General Manager of our Company as of the date of report disclosure is as follows:

Ümit Özkan- Board Member and General Manager

He graduated from Istanbul Technical University Industrial Engineering Department. Between 2002 and 2020, he worked at wide variety of levels of Kartonsan. Between 2015 and 2020, he worked as Factory Manager at Kartonsan. From the beginning of 2021, he served as a Member of the Board of Directors and General Manager at Selka. He resigned from this position with the abolition of the General Manager position at the end of August 2024 and continues to serve as a Member of the Board of Directors. He also continues to serve as a member of the Board of Directors at Dönkasan, a subsidiary of Kartonsan, which was established as a result of the demerger of Dönkasan in 2015. Since 15 August 2024, he has been a member of the Board of Directors of Kartonsan and since 1 September 2024, he has been working as General Manager.

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 214 (31 December 2023: 285).

The term of the 2-year collective labour agreement signed with the Türkiye Selüloz Kağıt ve Ağaç ve Mamulleri İşçileri (Selüloz İş) for the period 01.09.2022-31.08.2024 regarding the unionised personnel employed expired on 31.08.2024. As a result of the negotiations with the authorised labour union to make a contract for a new 2-year period (01.09.2024-31.08.2026), no agreement was reached, and in this context, the strike decision will be put into practice at the relevant production facility as of 08:00 on 26.02.2025. As a result of the negotiations, as of 25.02.2025, a collective labour agreement was signed for a 2-year period (01.09.2024-31.08.2026) and the strike decision was lifted.

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 2024 for the year 2023, the annual donation limit was determined as amounting to TL 2,000,000 (2023: TL 2,000,000).

The details of grants and donations realised in 2024 are as follows, provided that they are expressed in historical costs, not subject to inflation accounting.

Grants and donations (TL)	31.12.2024	31.12.2023
Donations to associations and foundations (for educational, sports and social purposes)	98.675	30.511,00
Donations to Other Institutions and Organizations	-	1.000.000,00
Total	98.675	1.030.511,00

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.

OTHER INFORMATION AND MATTERS THAT MUST BE EXPLAINED PURSUANT TO THE LEGISLATION

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

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

Kartonsan has no R&D department. The activities carried out are aimed at testing and improving product quality.

15) AMENDMENTS TO THE ARTICLES OF ASSOCIATION AND ITS REASONS DURING THE PERIOD

The Ordinary General Assembly meeting of the Group for the 2023 was held on 09.07.2024. At the General Assembly meeting, the draft approved by the CMB and the Ministry of Trade of Turkey regarding the amendment of Article 6 titled 'Capital of the Company' of the Company's Articles of Association regarding the increase of the capital ceiling from TL 100,000,000 (one hundred million Turkish Lira) to TL 5,000,000,000,000 (Five Billion Turkish Lira) and the validity period of the registered capital ceiling to be determined as 2024-2028 was approved and registered and announced within the period.

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:

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:

- Material event disclosures to the Public Disclosure Platform ("PDP"),*
- Periodic financial reports and financial statements to the Public Disclosure Platform ("PDP"),*
- Announcements and necessary statements have been made through the Official Gazette, Turkish Trade Registry Gazette, Daily Newspapers and Magazines distributed throughout Turkey,*
- Press releases and interviews have been made through print and visual media,*
- Meetings with stakeholders, and sharing the information through phone calls and other communication tools*
- 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.*

OTHER INFORMATION AND MATTERS THAT MUST BE EXPLAINED PURSUANT TO THE LEGISLATION

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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.

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 realised 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.

OTHER INFORMATION AND MATTERS THAT MUST BE EXPLAINED PURSUANT TO THE LEGISLATION

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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 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.

OTHER INFORMATION AND MATTERS THAT MUST BE EXPLAINED PURSUANT TO THE LEGISLATION

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

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.

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.

OTHER INFORMATION AND MATTERS THAT MUST BE EXPLAINED PURSUANT TO THE LEGISLATION

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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 2024. 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. The "Investor Relations Department Annual Report 2024" prepared in accordance with the activities carried out in 2024 was presented to the Board of Directors on 27 February 2025.

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 2024, 56 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	33	59%
Increase and Decrease in Stock Prices	15	27%
General Assembly and Voting Rights	4	7%
Capital Increases and Registered Capital Ceiling	3	5%
Dividend Payments	1	2%
TOTAL	56	100%

In accordance with the aforementioned statement, significant part of the questions were related to stock prices and financial statements. The remaining questions are about the obtaining information about 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 2024, a total number of 62 Financial Report, Material Event Disclosures and notification of exercise of right of use were made by our company.

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.

OTHER INFORMATION AND MATTERS THAT MUST BE EXPLAINED PURSUANT TO THE LEGISLATION

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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

Kartonsan held its Ordinary General Assembly Meeting for the year 2023 on 09.07.2024 simultaneously in electronic and physical environment. There was no physical participation from the media to the meeting. Apart from the shares controlling the management, other shareholders and stakeholders also attended the general assembly. Out of a total nominal value of TL 75,000,000, 67,300 number of outstanding shares with a total nominal value of TL 673 in person, 58,607,726,815 number of outstanding shares with a total nominal value of TL 58,607,726.81 in representation, and 59,348,265,815 number of outstanding shares with a total nominal value of TL 59,348,265.81 in total, the meeting was held both physically and electronically with a majority of 79.13%. No special meeting quorum has been determined in the Articles of Association of our Company for the General Assembly meeting, and the provisions of the Turkish Commercial Code have been applied for meeting and decision quorums.

No special meeting quorum has been determined in the Articles of Association of our Company for the General Assembly meeting, and the provisions of the Turkish Commercial Code have been applied for meeting and decision quorums. The call, announcements and notices for the Ordinary General Assembly Meeting dated 09.07.2024 were published on page 396 of the Turkish Trade Registry Gazette on 12.06.2024 and numbered 11102, in Milliyet and Dünya Newspapers dated 14.06. 2024, on the company's website (www.kartonsan.com.tr), on the Public Disclosure Platform (PDP) on 10.06.2024, on the e-company application of the Central Registry Agency and on the Electronic General Meeting System (e-GEM), at least 21 days prior to the general assembly meeting and the announcement was made in due time. Our company does not have 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 2023, 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.

OTHER INFORMATION AND MATTERS THAT MUST BE EXPLAINED PURSUANT TO THE LEGISLATION

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The shareholders has no demand for special audit during the period.

The shareholders has no demand to add any matters 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.

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

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 12 (twelve) 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 requited 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.

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.

OTHER INFORMATION AND MATTERS THAT MUST BE EXPLAINED PURSUANT TO THE LEGISLATION

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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 2023" of the company was held on 9 July 2024. 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:

Members of the Board of Directors

Name and 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
İlker Cengiz	Chairman of the Board	Board Membership and Legal Coordinator	Executive	30.03.2021	09.07.2025	09.07.2024	1 YEAR
Aslı Balkır	Vice Chairman of the Board	Board Membership	Executive	02.08.2001	09.07.2025	09.07.2024	1 YEAR
Süleyman Kaya	Vice Chairman of the Board	Board Membership	Executive	06.02.2006	09.07.2025	09.07.2024	1 YEAR
Ünal Bozkurt	Board Member	Board Membership	Executive	05.10.2000	09.07.2025	09.07.2024	1 YEAR
Sinan Ercan	Board Member	Board Membership	Executive	05.10.2000	09.07.2025	09.07.2024	1 YEAR
Gülçur	Board Member	Board Membership	Executive	21.03.2011	09.07.2025	09.07.2024	1 YEAR
Mehmet İmregün	Board Member	Board Membership	Executive	01.10.2012	09.07.2025	09.07.2024	1 YEAR
Hatice Canan	Board Member	Board Membership	Executive	01.10.2012	09.07.2025	09.07.2024	1 YEAR
Pak İmregün	Board Member	Board Membership	Executive	02.03.2006	15.08.2024		
Haluk İber	Board Member and General Manager	Board Membership	Executive	02.03.2006	15.08.2024		
Ümit Özkan	Board Member and General Manager	Board Membership	Executive	15.08.2024	09.07.2025	15.08.2024	1 YEAR
Recep Bildik	Independent Member of the Board of Directors	Academic Lecturer	Non-Executive	31.03.2022	09.07.2025	09.07.2024	1 YEAR
Rüya Eser	Independent Member of the Board of Directors	Academic Lecturer	Non-Executive	31.03.2022	09.07.2025	09.07.2024	1 YEAR
Ahmet Sera Özbaşar	Independent Member of the Board of Directors	Academic Lecturer	Non-Executive	09.07.2024	09.07.2025	09.07.2024	1 YEAR
Ali Ersin Güredin	Independent Member of the Board of Directors	Academic Lecturer	Non-Executive	09.04.2024	09.07.2025	09.07.2024	1 YEAR
Ahmet Göksel Yücel	Independent Member of the Board of Directors	Academic Lecturer	Non-Executive	29.03.2018	09.07.2024		
Süleyman Kadri Mirze	Independent Member of the Board of Directors	Academic Lecturer	Non-Executive	29.03.2018	09.07.2024		

The Board of Directors held 31 meetings during the year. Average attendance rate of Board Members to board meetings for the year 2024 was 95%. All of the decisions of the Board of Directors have been implemented during the year.

OTHER INFORMATION AND MATTERS THAT MUST BE EXPLAINED PURSUANT TO THE LEGISLATION

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

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/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>)

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 28 March 2024 in 2024 and presented to the Board of Directors on 9 July 2024. 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 9 July 2024.

Board Independence Statement of Independent Members of Board of Directors

I hereby represent that, I am a candidate for carrying out my 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 primarily audit (including tax audit, statutory audit, internal audit), rating and consultancy of the company 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 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 accordance with the applicable legislation,
- I am deemed to be resident in Turkey according to Income Tax Law ("ITL") dated 31/12/1960 and numbered 193
- I have strong ethical standards, professional reputation and experience to contribute positively to the Company's activities, to maintain impartiality in conflicts of interest between the Company and shareholders, and to make decisions freely by taking into account the rights of stakeholders,
- I will be able to allocate time for Company affairs to the extent that I can follow the functioning of the Company's activities and satisfy the requirements of the duties,
- 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 not served as an independent member of the Board of Directors in more than three of the companies controlled by the Company or the shareholders controlling the management of the Company and in more than five of the companies traded on the stock exchange in total,
- I am not registered and announced on behalf of and in the name of the legal entity elected as board member.
- I will immediately inform the Company's Board of Directors and resign from my position in the event of any situation that removes the conditions of independence, I declare.

Date-Name Surname-Signature"

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.

OTHER INFORMATION AND MATTERS THAT MUST BE EXPLAINED PURSUANT TO THE LEGISLATION

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

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 31 March 2022, 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

Article: 9- The management and representation of the Company belongs to the Board of Directors. The Board of Directors shall perform the duties assigned to it by the Articles of Association and the law.

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 necessary Committees are formed within the framework of Capital Market Legislation and Corporate Governance Principles. If the Corporate Governance Committee consists of two members, both of them, and if there are more than two members, the majority of the members shall consist of 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 management and representation of the Company, the Board of Directors complies with the principles of public disclosure and transparency under the Capital Markets Legislation and corporate governance principles, and the principles of protecting the rights of stakeholders regulated by legislation and mutual agreements, and supervises and ensures that they are complied with.

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 fulfil its duties effectively. The Chairman of the Board of Directors determines the agenda of the Board of Directors meetings in consultation with the other members of the Board of Directors and the Chairman of the Executive Committee. 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 place other than the Company's headquarters or by any technological method that provides 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.

The Board of Directors of our Company has adopted and implemented the principle of conducting its activities in a transparent, accountable, fair and responsible manner. The Board of Directors held 31 meetings in 2024. All members attended the meetings without any excuse (health and being abroad). All of the decisions taken during the period were taken unanimously by the participants of the meeting. Therefore, no dissenting opinions were recorded in the minutes of the decisions.

Although there is no distribution of duties among the members of the Board of Directors, the committees formed are disclosed in the annual reports and on the corporate web site.

Kartonsan has not insurance provided for any damages that may be caused by the members of the Board of Directors during the execution of their duties.

OTHER INFORMATION AND MATTERS THAT MUST BE EXPLAINED PURSUANT TO THE LEGISLATION

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

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.

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 2024. 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 2024 are as follows:

Audit Committee

Name and Surname	Position	Beginning of the Term of Office	End of the Term of Office	Date of Reelection	New Term
Ali Ersin Güredin	Chairman of the Audit Committee	09.07.2024	09.07.2025	09.07.2024	1 YEAR
Ahmet Göksel Yücel	Chairman of the Audit Committee	10.04.2018	09.07.2024	-	-
Recep Bildik	Audit Committee Member	31.03.2022	09.07.2025	09.07.2024	1 YEAR
Rüya Eser	Audit Committee Member	31.03.2022	09.07.2025	09.07.2024	1 YEAR

Corporate Governance Committee

Name and Surname	Position	Beginning of the Term of Office	End of the Term of Office	Date of Reelection	New Term
Ahmet Sera Özbaşar	Chairman of the Corporate Governance Committee	09.07.2024	09.07.2025	09.07.2024	1 YEAR
Süleyman Kadri Mirze	Chairman of the Corporate Governance Committee	10.04.2018	09.07.2024	-	-
İlker Cengiz	Corporate Governance Committee Member	30.03.2021	09.07.2024	-	-
Ünal Bozkurt	Corporate Governance Committee Member	09.07.2024	09.07.2025	09.07.2024	1 YEAR
Recep Bildik	Corporate Governance Committee Member	31.03.2022	09.07.2025	09.07.2024	1 YEAR
Bülent Yılmaz	Corporate Governance Committee Member*	28.03.2014	09.07.2025	09.07.2024	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 and Surname	Position	Beginning of the Term of Office	End of the Term of Office	Date of Reelection	New Term
Rüya Eser	Chairman of the Early Detection of Risk Committee	31.03.2022	09.07.2025	09.07.2024	1 YEAR
Ahmet Göksel Yücel	Chairman of the Early Detection of Risk Committee	10.04.2018	09.07.2024	-	-
Mehmet İmregün	Early Detection of Risk Committee Member	09.04.2013	09.07.2025	09.07.2024	1 YEAR
Ünal Bozkurt	Early Detection of Risk Committee Member	09.07.2024	09.07.2025	09.07.2024	1 YEAR

OTHER INFORMATION AND MATTERS THAT MUST BE EXPLAINED PURSUANT TO THE LEGISLATION

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

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 2024.

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.

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.

OTHER INFORMATION AND MATTERS THAT MUST BE EXPLAINED PURSUANT TO THE LEGISLATION

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

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.

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 December 2024	31 December 2023
Key management compensation provided to key management personnel	26.069.881	21.392.361
Key management compensation provided to board members	2.345.273	2.415.509
Total	28.415.154	23.807.870

* Represents inflation-adjusted amounts

Key Management Personnel During the Period:

Name/Surname	Position
Ümit Özkan	Member of the Board of Directors (After 15.08.2024) and General Manager (After 01.09.2024)
Haluk İber	Member of the Board of Directors (until 15.08.2024) and General Manager (until 31.08.2024)
Güven Şanlı	Factory Manager
Volkan Turt	Production Manager
İhsan Doğan	Technical Manager
Ümit Dinçol	Production Services Manager (until 31.10.2024)
Raşit Kemal Özkırım	Marketing Manager
Şadiye Başak Kaya	Human Resources and Quality Systems Manager
Atiye Süheyla Tuğtekin	Purchasing Manager
Bülent Kori	Financial Affairs Manager

There was a change incurred in the General Manager and an organisational structure was realised in the Production Services department during the period.

OTHER INFORMATION AND MATTERS THAT MUST BE EXPLAINED PURSUANT TO THE LEGISLATION

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

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 27 February 2025 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 2024 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 2024. 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 2024, no benefit was provided and it is not possible to compensate the benefits obtained by the controlling shareholder or the loss for the period.”

29) 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 2024, 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 2024.
- 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.

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

Kartonsan A.Ş. Annual Ordinary General Assembly will be held on Friday, 28 March 2025 at 10:30 at Prof. Dr. Bülent Tarcan Caddesi Engin Pak İş Merkezi No: 5 Gayrettepe/Beşiktaş/İstanbul.

Independent Auditor

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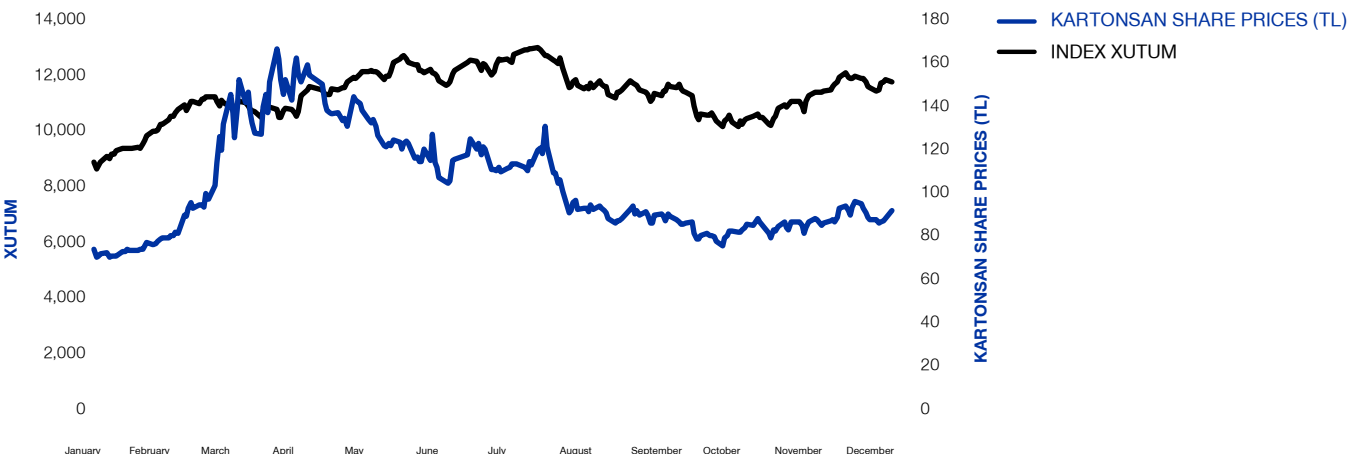
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Kartonsan Share Performance in 2024

Kartonsan's paid-in capital as of the end of 2024 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 70.60, and the highest price was TL 162.60. The average price of the stock in 2024 was TL 101.86. The lowest and highest prices of the stock are shown in the table above.

Period	Lowest (TL)	Highest (TL)	Highest (TL)
29/3/2024	70.60	162.60	162.60
28/6/2024	103.10	158.50	158.50
30/9/2024	85.25	128.10	128.10
31/12/2024	75.75	95.20	95.20

Performance of Kartonsan Shares in 2024 (Compared With BIST General Index)



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www.kartonsan.com.tr

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