



Grant Thornton

(Convenience translation of a report and
financial statements originally issued in Turkish)

**KONYA KAĞIT SANAYİ VE TİCARET A.Ş.
INDEPENDENT AUDITOR'S REPORT
AS OF 31 DECEMBER 2022**

To the Shareholders of Konya Kağıt Sanayi ve Ticaret A.Ş.

Eren Bağımsız Denetim A.Ş.
Maslak, Eski Büyükdere Cad.
No.14 Kat:10
34396 Sarıyer /İstanbul, Turkey

T + 90 212 373 00 00
F + 90 212 291 77 97
www.grantthornton.com.tr

A) Report on the Audit of the Financial Statements

1. Opinion

We have audited the financial statements of Konya Kağıt Sanayi ve Ticaret A.Ş. ("the Company"), which comprise the statement of financial position as at 31 December 2022, and the statement of comprehensive income, statement of other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

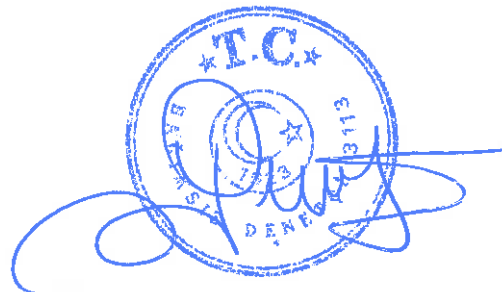
In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with the Turkish Financial Reporting Standards ("TFRS").

2. Basis for Opinion

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

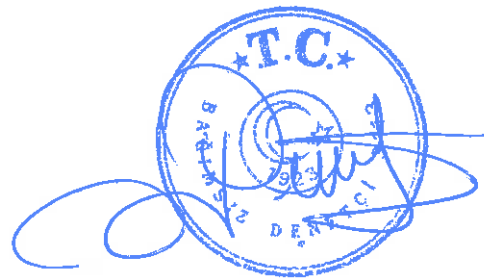
3. Key Audit Matters

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



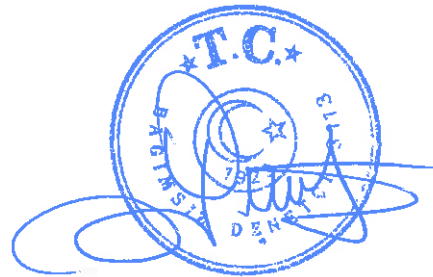
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Key Audit Matters	Auditor's response
<p>Investment Properties – Fair Value Measurement</p> <p>The investment properties of the Company amounted to TL 829.882.038 as of 31 December 2022.</p> <p>Based on the valuation reports dated November 2022, that were prepared by the licensed experts authorized by Turkish Capital Market Board, the increase in fair value of investments properties were computed as TL 383.885.411. This fair value increase occurred in current period was recorded as investment activities income in accordance with TAS 40.</p> <p>Since the fair value increase is a significant amount, the accounting policy, methods and estimations used for the determination of the fair value of the investment properties are considered as a key matter for our audit.</p> <p>The accounting policies and the disclosures related to investment properties are explained in Note 2.4.6, Note 13 and Note 35.</p>	<p>Our audit procedures related to the investment properties valuation include the following procedures:</p> <ul style="list-style-type: none"> - Obtaining the valuation reports that were prepared by the licensed experts authorized by Turkish Capital Market Board and applying the required audit procedures in accordance with the “TAS 620 – Using the Work of Expert”, - Examination of the Company’s policies and assessment of the appropriateness of the disclosures related to investment properties in the financial statements in terms of TAS 40. <p>As a result of these audit procedures applied for the valuation of investment properties, we do not have a significant finding.</p>



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Key Audit Matters	Auditor's response
<p>Tangible Assets – Revaluation</p> <p>The Company selected the revaluation method, which was mentioned in TAS 16, as an accounting policy for the measurement of the land, buildings, machinery and equipment included in the assets. Based on the valuation reports dated November 2022, that were prepared by the licensed experts authorized by Turkish Capital Market Board, the increase in fair value of these tangible assets were computed as TL 363.317.335. This fair value increase occurred in current period was recorded as a revaluation fund increase in other comprehensive income in accordance with TAS 16.</p> <p>As of 31 December 2022, the net book value of these revalued assets in the accompanying financial statements was amounted to TL 587.209.602.</p> <p>Since the revaluation increase is a significant amount, the accounting policy, methods and estimations used for the determination of the fair value of these tangible assets are considered as a key matter for our audit.</p> <p>The accounting policies and the disclosures related to tangible assets are explained in Note 2.4.4, Note 14 and Note 30.</p>	<p>Our audit procedures related to the tangible assets revaluation include the following procedures:</p> <ul style="list-style-type: none"> - Obtaining the valuation reports that were prepared by the licensed experts authorized by Turkish Capital Market Board and applying the required audit procedures in accordance with the “TAS 620 – Using the Work of Expert”, - Examination of the Company’s policies and assessment of the appropriateness of the disclosures related to the tangible assets in the financial statements in terms of TAS 16. <p>As a result of these audit procedures applied for the valuation of investment properties, we do not have a significant finding.</p>



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

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

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

5. Auditor's Responsibilities for the Audit of the Financial Statements

In an independent audit, our responsibilities as the auditors are:

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with standards on auditing as issued by the Capital Markets Board of Turkey and IAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and 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 financial statements.

As part of an audit in accordance with standards on auditing as issued by the Capital Markets Board of Turkey and IAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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.
- Obtain an understanding of 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 Company'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 Company'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 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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 paragraph 4 of Article 402 of the TCC, no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period 1 January – 31 December 2022 and financial statements are not in compliance with laws and provisions of the Company's articles of association in relation to financial reporting.
- 2) In accordance with paragraph 4 of Article 402 of the TCC, the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.
- 3) In accordance with paragraph 4 of Article 398 of the TCC, we presented our report related to "The Risk Management and Risk Committee" dated 27 February 2023 to the Board of Directors of the Company.

The name of the engagement partner who supervised and concluded this audit is Gül Şahin.

İstanbul, 27.02.2023

Eren Bağımsız Denetim A.Ş.
Member Firm of Grant Thornton International



Gül Şahin
Partner

Eski Büyükdere Caddesi,
Reşitpaşa Mahallesi,
Park Plaza, No:14, Kat:10
34396 Maslak/Sarıyer - İstanbul

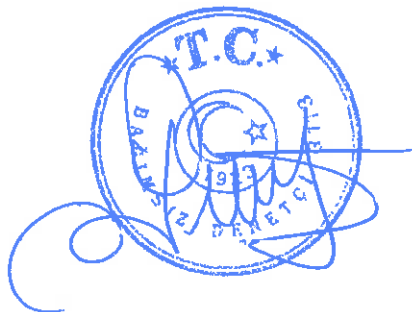
KONYA KAĞIT SANAYİ VE TİCARET A.Ş.
BALANCE SHEETS AT 31.12.2022 AND 31.12.2021
(Amounts expressed in TL unless otherwise stated)

	Audited 31.12.2022	Audited 31.12.2021
<u>ASSETS</u>		
Current Assets		
Cash and cash equivalent	99.273.639	239.316.437
Financial investments	166.586.120	
Trade receivables		
- Trade receivables from related parties	2.320.635	3.185.437
- Trade receivables from third parties	99.152.902	142.000.879
Other receivables		
- Other receivables from related parties	30.311.678	179.778
- Other receivables from third parties	3.740.848	122.023
Inventories	472.934.587	99.305.995
Prepaid expenses	9.388.542	6.586.390
Other current assets	68.713.033	13.438.443
TOTAL CURRENT ASSETS	952.421.984	504.135.382
Non - current assets		
Financial investments	141.445.402	37.603.363
Financial investments valued at equity method	486.569.349	246.969.015
Investment properties	829.882.038	459.352.464
Tangible assets	591.585.230	227.915.240
Intangible assets	1.169.983	382.050
Right of use assets	932.359	765.682
Deferred tax assets	10.675.966	10.201.333
TOTAL NON - CURRENT ASSETS	2.062.260.327	983.189.147
TOTAL ASSETS	3.014.682.311	1.487.324.529



KONYA KAĞIT SANAYİ VE TİCARET A.Ş.
BALANCE SHEETS AT 31.12.2022 AND 31.12.2021
(Amounts expressed in TL unless otherwise stated)

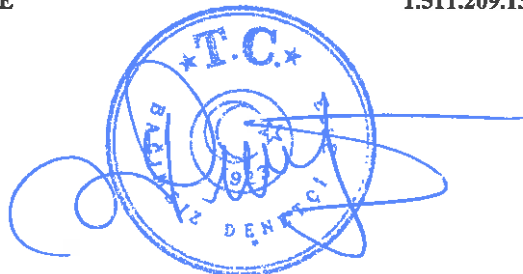
	Audited 31.12.2022	Audited 31.12.2021
<u>LIABILITIES</u>		
CURRENT LIABILITIES		
Short-term financial liabilities	16.968.307	8.527.291
Short-term portion of long-term financial liabilities	3.866.146	36.353.105
Other financial liabilities	259.379	245.971
Trade payables		
- Other trade payables to related parties	3.814.661	2.370.046
- Other trade payables to third parties	55.656.976	44.411.729
Payables to personnel	8.359.698	4.067.500
Other payables		
- Other payables to related parties	-	952.938
- Other payables to third parties	407.760	370.460
Income tax payable	5.557.381	32.045.536
Provisions		
- Provisions for employee benefits	5.199.530	2.851.830
- Other current provisions	78.513	61.159
Other current liabilities	27.031.647	31.738.591
TOTAL CURRENT LIABILITIES	127.199.998	163.996.156
NON - CURRENT LIABILITIES		
Long-term financial liabilities	12.085.766	37.128.228
Other financial liabilities	447.600	507.864
Provisions		
- Provision for employment termination benefits	33.792.615	18.280.002
Deferred tax liabilities	167.732.713	72.325.929
TOTAL NON - CURRENT LIABILITIES	214.058.694	128.242.023
EQUITY		
Share capital	130.000.000	130.000.000
Inflation restatement differences	169.256.925	169.256.925
Premiums realized from common controlled business combinations	13.093.563	13.093.563
Other comprehensive income items not to be reclassified to profit or loss		
- Revaluation fund	623.881.276	308.323.718
- Actuarial gains/(losses)	(18.596.692)	(6.205.528)
- Other comprehensive income items not to be reclassified to profit or loss related to financial investments valued at equity method	130.932.627	9.866
Other comprehensive income items to be reclassified to profit or loss		
- Valuation differences related to financial investments reflected to other comprehensive income	48.164.606	(15.726.185)
- Other comprehensive income items to be reclassified to profit or loss related to financial investments valued at equity method	11.081.520	(6.955.173)
Profit reserves	34.135.214	21.479.046
Previous years profits/losses	536.282.083	178.826.124
Net profit/(loss) for the year	995.192.497	402.983.994
TOTAL EQUITY	2.673.423.619	1.195.086.350
TOTAL LIABILITIES	3.014.682.311	1.487.324.529



KONYA KAĞIT SANAYİ VE TİCARET A.Ş.
STATEMENTS OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

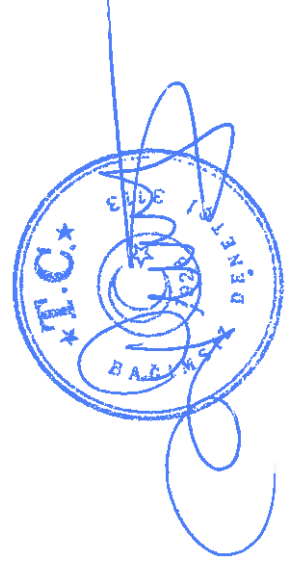
(Amounts expressed in TL unless otherwise stated)

	Audited 01.01.- 31.12.2022	Audited 01.01.- 31.12.2021
Sales	1.923.605.168	810.671.064
Cost of sales (-)	(1.223.349.533)	(567.007.194)
GROSS PROFIT/LOSS	700.255.635	243.663.870
General administrative expenses (-)	(50.487.053)	(31.874.826)
Marketing, selling and distribution expenses (-)	(48.288.482)	(31.952.871)
Other income from main operations	40.462.210	52.864.680
Other expense from main operations (-)	(37.266.311)	(14.830.257)
OPERATING PROFIT/LOSS	604.675.999	217.870.596
Investment activities income	390.746.481	159.491.679
Income/(expenses) from financial investments valued at equity method	90.640.880	92.617.956
OPERATING PROFIT /LOSS BEFORE FINANCING EXPENSES	1.086.063.360	469.980.231
Financial expenses (-)	(14.628.204)	(38.589.834)
Financial income	100.554.132	36.543.480
PROFIT/LOSS BEFORE TAX FROM CONTINUING OPERATIONS	1.171.989.288	467.933.877
Tax income/(expenses) from continuing operations	(176.796.791)	(64.949.883)
- Income tax provision	(142.877.103)	(52.157.909)
- Deferred tax (expenses)/income	(33.919.688)	(12.791.974)
PROFIT/LOSS FOR THE PERIOD	995.192.497	402.983.994
Earnings per share	7,66	3,10
OTHER COMPREHENSIVE INCOME:		
Items not to be reclassified to profit or loss		
Tangible assets revaluation fund increase/(decreases)	363.317.335	63.375.048
Actuarial gains/(losses)	(15.111.176)	(4.611.800)
Other comprehensive income items not to be reclassified to profit or loss related to financial investments valued at equity method	130.922.761	9.866
- Deferred tax (expenses)/income	(45.039.765)	(7.540.150)
Items to be reclassified to profit or loss		
Valuation differences related to financial investments reflected to other	79.863.489	(30.889.862)
Other comprehensive income items to be reclassified to profit or loss related to	18.036.693	(6.955.173)
- Deferred tax (expenses)/income	(15.972.698)	6.177.972
OTHER COMPREHENSIVE, NET OF TAX	516.016.639	19.565.901
TOTAL COMPREHENSIVE INCOME	1.511.209.136	422.549.895



KONYA KAÇIT SANAYİ VE TİCARET A.Ş.
STATEMENTS OF CHANGES IN EQUITY FOR THE PERIODS ENDED 31.12.2022 AND 31.12.2021
(Amounts expressed in TL unless otherwise stated)

	Paid in capital	Capital adjustment differences	Premiums realized from common controlled business combinations	Other comprehensive income items not to be reclassified to profit or loss in subsequent periods			Other comprehensive income items to be reclassified to profit or loss in subsequent periods			Retained Earnings		Total Equity
				Tangible assets revaluation fund	Actuarial gains/(losses)	Other comprehensive income items not to be reclassified to profit or loss related to financial investments valued at equity method	Valuation differences related to investments reflected to other comprehensive income	Other comprehensive income items to be reclassified to profit or loss related to financial investments valued at equity method	Profit reserves	Previous Year Profit/(Loss)	Net Profit/(Loss) for the period	
01.01.2020	130.000.000	169.256.925	13.093.563	255.411.180	(2.516.089)	--	--	8.995.795	--	27.003.340	170.471.256	789.348.464
Transfers	--	--	--	--	--	--	--	1.836.463	--	168.634.993	(170.471.256)	--
Dividends paid	--	--	--	--	--	--	--	--	--	(16.812.009)	--	(16.812.009)
Total Comprehensive Income/(Expense)	--	--	--	--	--	--	9.866	--	--	--	--	--
Profit / (Loss) for the Period	--	--	--	54.912.538	(3.689.440)	--	9.866	(24.711.890)	(6.955.173)	--	402.983.994	422.549.895
Other Comprehensive Income / (Expense)	--	--	--	--	--	--	9.866	(24.711.890)	(6.955.173)	--	402.983.994	402.983.994
Change in Actuarial Gains/(Losses)	--	--	--	54.912.538	(3.689.440)	--	9.866	(24.711.890)	(6.955.173)	--	--	19.565.901
Valuation differences related to financial investments reflected to other comprehensive income	--	--	--	--	--	--	--	(24.711.890)	--	--	--	(3.689.440)
Change in revaluation fund of tangible assets	--	--	--	54.912.538	--	--	9.866	--	--	--	--	54.912.538
Other comprehensive income items not to be reclassified to profit or loss related to financial investments valued at equity method	--	--	--	--	--	--	9.866	--	--	--	--	9.866
Other comprehensive income items to be reclassified to profit or loss related to financial investments valued at equity method	--	--	--	--	--	--	--	--	(6.955.173)	--	--	(6.955.173)
31.12.2021	130.000.000	169.256.925	13.093.563	308.333.718	(6.206.528)	9.866	(15.726.185)	21.479.046	21.479.046	178.826.124	402.983.994	1.195.086.350
01.01.2021	130.000.000	169.256.925	13.093.563	308.333.718	(6.206.528)	9.866	(15.726.185)	21.479.046	21.479.046	178.826.124	402.983.994	1.195.086.350
Transfers	--	--	--	--	--	--	--	12.656.168	12.656.168	390.327.826	(402.983.994)	--
Dividends paid	--	--	--	--	--	--	--	--	--	(32.871.867)	--	(32.871.867)
Total Comprehensive Income/(Expense)	--	--	--	315.557.558	(12.391.164)	--	63.890.791	18.036.693	--	--	995.192.497	1.511.209.116
Profit / (Loss) for the Period	--	--	--	315.557.558	(12.391.164)	--	63.890.791	18.036.693	--	--	995.192.497	995.192.497
Other Comprehensive Income / (Expense)	--	--	--	--	--	--	63.890.791	18.036.693	--	--	--	81.016.639
Change in Actuarial Gains/(Losses)	--	--	--	315.557.558	(12.391.164)	--	63.890.791	18.036.693	--	--	--	(12.391.164)
Valuation differences related to financial investments reflected to other comprehensive income	--	--	--	--	--	--	63.890.791	--	--	--	--	63.890.791
Change in revaluation fund of tangible assets	--	--	--	315.557.558	--	--	--	--	--	--	--	315.557.558
Other comprehensive income items not to be reclassified to profit or loss related to financial investments valued at equity method	--	--	--	--	--	--	130.922.761	--	--	--	--	130.922.761
Other comprehensive income items to be reclassified to profit or loss related to financial investments valued at equity method	--	--	--	--	--	--	--	--	18.036.693	--	--	18.036.693
31.12.2022	130.000.000	169.256.925	13.093.563	623.881.276	(18.596.692)	130.932.627	48.164.606	34.135.214	34.135.214	536.282.083	995.192.497	2.673.423.619



KONYA KAĞIT SANAYİ VE TİCARET A.Ş.
STATEMENTS OF CASH FLOW FOR THE PERIODS ENDED 31.12.2022 AND 31.12.2021
(Amounts expressed in TL unless otherwise stated)

	Audited 01.01.-31.12.2022	Audited 01.01.-31.12.2021
A. CASH FLOWS FROM BUSINESS OPERATIONS	131.863.299	222.218.678
Profit/Loss for the Period	1.171.989.288	467.933.877
Adjustments Related to Net Period Profit Reconciliation	(444.828.799)	(211.677.366)
Adjustments for Depreciation and Amortization Expenses	11.382.870	8.736.627
Adjustments (Reverse) for Impairments	(474.526.291)	(230.323.217)
- Adjustments for (Increase)/Decrease in Value of Investment Properties	(383.885.411)	(137.705.261)
- Adjustments for Financial Investments Valued at Equity Method	(90.640.880)	(92.617.956)
Adjustments for Provisions	18.314.622	9.909.224
- Adjustments for Employment Termination Benefits	18.208.173	9.935.758
- Adjustments (Reverse) for Other Provisions	106.449	(26.534)
Changes in Working Capital	(425.931.932)	(11.216.589)
Increase/decrease in Trade Receivables	42.847.977	(72.745.100)
Decrease / (Increase) in Trade Receivables from Third Parties	42.847.977	(72.745.100)
Adjustments for Decrease / (Increase) in Other Receivables Related to Operations	(32.885.923)	1.007.642
Decrease / (Increase) in Other Receivables Related to Operations from Related Parties	(29.267.098)	967.972
Decrease / (Increase) in Other Receivables Related to Operations from Third Parties	(3.618.825)	39.670
Adjustments for Decrease / (Increase) in Inventories	(373.628.592)	7.022.758
Decrease / (Increase) in Prepaid Expenses	(2.802.152)	(2.172.929)
Adjustments for Increase / (Decrease) in Trade Payables	12.689.862	31.883.871
Increase / (Decrease) in Trade Payables to Related Parties	1.444.615	1.760.233
Increase / (Decrease) in Trade Payables to Third Parties	11.245.247	30.123.638
Increase / (Decrease) in Employment Termination Benefits	(11.166.838)	(4.151.642)
Adjustments for Increase / (Decrease) in Other Payables Related to Operations	(915.638)	1.025.023
Increase / (Decrease) of Other Payables Related to Operation from Related Parties	(952.938)	805.555
Increase/ (Decrease) in Other Payables Related to Operation from Third Parties	37.300	219.468
Adjustments for Other Increases/ (Decreases) Related to Working Capital	(60.070.628)	26.913.788
Increase / Decrease in Other Liabilities Related to Operations	(55.274.591)	868.501
Increase / Decrease in Other Liabilities Related to Operations	(4.796.037)	26.045.287
Cash Flows From Operations	301.228.557	245.039.922
Tax Returns / (Payments)	(169.365.258)	(22.821.244)
B. CASH FLOWS FROM INVESTING ACTIVITIES	(189.898.968)	(4.263.412)
Cash Inflows/ Outflows for the Acquisition of Financial Investments	(190.564.670)	-
Cash Inflows / Outflows arising from the Purchase and Sale of Investment Properties	12.687.374	1.616.875
Cash Inflows / Outflows arising from the Purchase and Sale of Tangible Assets	(10.250.972)	(4.971.499)
Cash Inflows / Outflows arising from the Purchase and Sale of Intangible Assets	(970.616)	(72.772)
Cash Inflows / Outflows arising from the Right of Usage Assets	(800.084)	(836.016)
C. CASH FLOWS FROM FINANCING ACTIVITIES	(82.007.129)	(45.635.365)
Cash Inflows from Borrowing and Cash Outflows from Debt Payments	(49.135.262)	(28.823.356)
Dividends Paid	(32.871.867)	(16.812.009)
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	(140.042.798)	172.319.901
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	239.316.437	66.996.536
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	99.273.639	239.316.437

