(CONVENIENCE TRANSLATION OF THE REPORT AND THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)

DURAN DOĞAN BASIM VE AMBALAJ SANAYİ A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 AND INDEPENDENT AUDITORS' REPORT

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**(CONVENIENCE TRANSLATION OF
INDEPENDENT AUDITOR'S REPORT ORIGINALLY ISSUED IN TURKISH)**

INDEPENDENT AUDITORS' REPORT

To the General Assembly of Duran Doğan Basım ve Ambalaj Sanayi A.Ş.

A) Report on the Audit of the Consolidated Financial Statements

1) Opinion

We have audited the consolidated financial statements of Duran Doğan Basım ve Ambalaj Sanayi A.Ş. (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of 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 2021, and its consolidated financial performance and its consolidated 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 and Independent Auditing Standards (InAS) 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 Consolidated Financial Statements* section of our report. We are independent of the *Group* in accordance with the *Code of Ethics for Independent Auditors* (Code of Ethics) as issued by the POA, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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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 our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	**How the matter was addressed in audit**
Revenue Recognition	
The Group recognizes revenue in its financial statements when it fulfills the performance obligation by transferring goods or services to its customers at a point in time. Due to the nature and magnitude of the Group's operations, there is a risk that revenue is not recognized even products are delivered but not invoiced yet. According to the above-mentioned explanations, timing of revenue recognition, whether the revenue of the products is recognized in the correct period, is determined as a key audit matter. The accounting policy for revenue recognition and revenue amounts are disclosed in Note 2.5 and Note 15.	In our audit, the following procedures were applied to ensure the accurate and complete recognition of revenue: - The revenue process of the Group was examined. - Contracts with customers were reviewed and impacts of contractual clauses on revenue are evaluated. - Within the scope of audit works, product sales data and its accounting records were tested on a sample basis. - Substantive procedures over revenue were performed. - Procedures related to analysis and correlation of the accounts are performed with data analytics tools. - Compliance of disclosures and footnotes to TFRS 15 in the consolidated financials were reviewed.

4) Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the earnings before interest, taxes, depreciation, and amortization ("EBITDA"), but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

Our objectives are 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 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 the standards on auditing issued by Capital Markets Board of Turkey and InAS 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of 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).

- 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 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 auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

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

We 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 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) Auditors' report on Risk Management System and Committee prepared in accordance with paragraph 4 of Article 398 of Turkish Commercial Code ("TCC") 6102 is submitted to the Board of Directors of the Company on 11 March 2022.

2) 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 2021 and financial statements are not in compliance with laws and provisions of the Company's articles of association in relation to financial reporting.

3) 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.

The name of the engagement partner who supervised and concluded this audit is Onur Ünal.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi
A member firm of Ernst & Young Global Limited

Onur Ünal, SMMM
Partner

11 March 2022
İstanbul, Turkey

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Convenience translation of the report and the consolidated financial statements originally issued in Turkish.

DURAN DOĞAN BASIM VE AMBALAJ SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)

	Notes	Current Period 31 December 2021	Current Period 31 December 2020
ASSETS			
Current Assets		**339.225.174**	**185.025.046**
Cash and Cash Equivalents	26	14.941.401	47.808.660
Financial Investments			
-Restricted Bank Balances	13	-	278.426
Trade Receivables		149.666.901	70.433.002
Trade Receivables from Third Parties	*5*	149.666.901	70.433.002
Other Receivables		71.347	50.687
Other receivables from Third Parties	*6*	71.347	50.687
Inventories	7	141.137.959	60.577.149
Prepaid Expenses	8	16.906.856	3.270.311
Other Current Assets	13	16.500.710	2.606.811
Non-Current Assets		**208.543.905**	**189.701.642**
Other Receivables		611.233	416.484
Other Receivables from Third Parties	*6*	611.233	416.484
Property, Plant and Equipment	9	74.785.614	51.605.836
Intangible Assets	10	3.012.419	2.966.728
Right of Use Assets	9	120.471.462	126.466.255
Prepaid Expenses	8	1.539.178	5.836.347
Deferred Tax Assets	22	8.123.999	2.409.992
TOTAL ASSETS		**547.769.079**	**374.726.688**

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

Convenience translation of the report and the consolidated financial statements originally issued in Turkish.

DURAN DOĞAN BASIM VE AMBALAJ SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPHERENSIVE INCOME FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2021

(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)

	Notes	Current Period 31 December 2021	Current Period 31 December 2020
LIABILITIES			
Short Term Liabilities		**317.814.890**	**155.635.252**
Short-Term Borrowings	24	62.469.212	52.261.150
Short-Term Portion of Long-Term Borrowings	24	129.692.683	57.346.053
Short-Term Portion of Long-Term Borrowings from Third Parties	24	*92.661.770*	34.173.268
Lease Liabilities		*37.030.913*	23.172.785
Other Financial Liabilities	24	945.104	949.950
Trade Payables		98.314.062	37.209.053
Trade Payables to Related Parties	*4*	*5.992.782*	1.652.703
Trade Payables to Third Parties	*5*	*92.321.280*	35.556.350
Payables Related to Employee Benefits	12	3.368.627	2.105.726
Other Payables		479.185	246.136
Other Payables to Related Parties	4	450.257	229.702
Other Payables to Third Parties	*6*	28.928	16.434
Deferred Income	8	7.910.913	1.616.312
Current Tax Liabilities	22	5.744.194	22.550
Short-Term Provisions		6.932.167	1.607.272
Short-term Provisions for Employee Benefits	12	6.880.432	1.589.979
Other Short-Term Provisions	11	51.735	17.293
Other Current Liabilities	13	1.958.743	2.271.050
Long Term Liabilities		**158.103.058**	**142.281.456**
Long-Term Borrowings		111.698.229	110.593.537
Long-Term Borrowings from Third Parties	24	*66.030.736*	*63.508.874*
Lease Liabilities	24	*45.667.493*	*47.084.663*
Other Payables		30.227.800	18.015.800
Other Payables to Related Parties	4	*30.227.800*	*18.015.800*
Deferred Income	8	597.928	-
Long-term Provisions		8.769.358	8.225.143
Long-term Provisions for Employee Benefits	*12*	8.769.358	8.225.143
Deferred Tax Liabilities	22	6.809.743	5.446.976
EQUITY		**71.851.131**	**76.809.980**
Equity Attributable to Owners of the Company		**71.850.903**	**76.760.727**
Share Capital	14	35.000.000	35.000.000
Adjustments to Share Capital		6.436.501	6.436.501
Share Premium		5.220	5.220
Reserves on Retained Earnings	14	1.369.501	1.369.501
Other Comprehensive Income or Expenses that will not be Reclassified Subsequently to Profit or Loss		59.834.335	59.595.757
Properties Revaluation Reserves	21	*61.206.059*	*61.509.912*
Actuarial Loss	21	*(1.371.724)*	*(1.914.155)*
Other Comprehensive Income or Expenses that will be Reclassified Subsequently to Profit or Loss		(9.674.631)	(2.898.018)
Currency Translation Difference	21	*(9.674.631)*	*(2.898.018)*
Accumulated Losses		(22.444.381)	(11.716.677)
Net Profit / (Loss) for the Period		1.324.358	(11.031.557)
Non-Controlling Interests		**228**	**49.253**
TOTAL LIABILITIES		**547.769.079**	**374.726.688**

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

Convenience translation of the report and the consolidated financial statements originally issued in Turkish.

DURAN DOĞAN BASIM VE AMBALAJ SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPHERENSIVE INCOME FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2021

(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)

	Notes	Current Period 1 January- 31 December 2021	Current Period 1 January- 31 December 2020
PROFIT AND LOSS			
Revenue	15	528.698.589	296.969.441
Cost of sales (-)	15	(340.321.920)	(217.730.982)
Gross Profit		**188.376.669**	**79.238.459**
General administrative expenses (-)	16	(36.608.252)	(21.236.841)
Marketing expenses (-)	16	(79.589.787)	(27.634.820)
Other income from operating activities	18	120.903.413	34.235.254
Other expenses from operating activities (-)	18	(65.061.373)	(16.310.800)
Operating Profit		**128.020.670**	**48.291.252**
Income from investing activities	19	-	255.780
Operating Profit Before Finance Expenses		**128.020.670**	**48.547.032**
Finance expenses	20	(119.767.820)	(61.653.970)
Profit / (Loss) Before Tax		**8.252.850**	**(13.106.938)**
Tax Expense		**(6.929.096)**	**2.075.381**
Current Tax Expense	22	(11.184.851)	(38.490)
Deferred Tax Income	22	4.255.755	2.113.871
Profit / (Loss) For The Period		**1.323.754**	**(11.031.557)**
Profit / (Loss) for the period attributable to			
Non-controlling Interests		(604)	-
Equity holders of the parent company		1.324.358	(11.031.557)
		1.323.754	**(11.031.557)**
Profit / (Loss) per share	23	0,0004	(0,0032)
Other Comprehensive Income;			
Items that will not be reclassified subsequently to profit or loss:		**542.431**	**18.342.021**
Gains on revaluation of property, plant and equipment		-	*20.299.703*
Remeasurement of defined benefit obligation		*678.039*	*1.553.885*
Tax income / (expense) related to other comprehensive income items		*(135.608)*	*(3.511.567)*
Items that will be reclassified subsequently to profit or loss:		**(6.825.034)**	**(1.051.353)**
Currency Translation Difference		*(6.825.034)*	*(1.051.353)*
Other Comprehensive Income / (Loss)		(6.282.603)	17.290.668
Total Comprehensive Income / (Loss)		**(4.958.849)**	**6.259.111**
Total Comprehensive Income / (Loss) Distribution			
Non-controlling Interests		(49.025)	(619)
Equity holders of the parent company		(4.909.824)	6.259.730

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

DURAN DOĞAN BASIM VE AMBALAJ SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2021

(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)

				Accumulated other comprehensive income or expenses that will not be reclassified subsequently to profit or loss		Accumulated other comprehensive income or expenses that will be reclassified subsequently to profit or loss		Accumulated Losses				
	Share capital	Share Capital Adjustments	Share premium	Properties Revaluation Reserves	Accumulated loss on remeasurement of benefit plans	Currency Translation Difference	Restricted reserves appropriated from profit	Prior years's (losses) / profit	Net (loss)/profit for the year	Equity Attributable to Owners of the Company	Non-controlling interests	Equity
Balance as at 1 January 2021	**35.000.000**	**6.436.501**	**5.220**	**61.509.912**	**(1.914.155)**	**(2.898.018)**	**1.369.501**	**(11.716.677)**	**(11.031.557)**	**76.760.727**	**49.253**	**76.809.980**
Transfers	-	-	-	-	-	-	-	(11.031.557)	11.031.557	-	-	-
Capital Increase (Transferred)	-	-	-	-	-	-	-	-	-	-	-	
Total comprehensive income	-	-	-	-	-	-			-		-	-
- *Loss on remeasurement of defined benefit plans*	-	-	-	-	542.431	-	-	-	-	542.431	-	**542.431**
- *Gain on revaluation of property*	-	-	-	-	-	-	-	-	-	-	-	-
- *Gain on revaluation of propery, plant and equipment*	-	-	-	(303.853)	-	-	-	303.853	-	-	-	-
- *Currency translation difference*	-	-	-	-	-	-	-	-	-	-	-	-
- *Net profit for the period*	-	-	-	-	-	(6.776.613)	-	-	-	(6.776.613)	(48.421)	**(6.825.034)**
Balance as at 31 December 2021	-	-	-	-	-	-	-	-	1.324.358	1.324.358	(604)	**1.323.754**
	35.000.000	**6.436.501**	**5.220**	**61.206.059**	**(1.371.724)**	**(9.674.631)**	**1.369.501**	**(22.444.381)**	**1.324.358**	**71.850.903**	**228**	**71.851.131**

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

DURAN DOĞAN BASIM VE AMBALAJ SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2021

(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)

				Accumulated other comprehensive income or expenses that will not be reclassified subsequently to profit or loss		Accumulated other comprehensive income or expenses that will be reclassified subsequently to profit or loss		Accumulated Losses				
	Share capital	Share Capital Adjustments	Share premium	Properties Revaluation Reserves	Accumulated loss on remeasurement of benefit plans	Currency Translation Difference	Restricted reserves appropriated from profit	Prior years's (losses) / profit	Net (loss)/profit for the year	Equity Attributable to Owners of the Company	Non-controlling interests	Equity
Balance as at 1 January 2020	**16.575.788**	**6.436.501**	**5.220**	**44.410.998**	**(3.157.263)**	**(1.846.665)**	**778.019**	**(2.823.070)**	**10.122.087**	**70.501.615**	**36.193**	**70.537.808**
Transfers	-	-	-	-	-	-	551.508	9.570.579	(10.122.087)	-	-	-
Capital Increase (Transferred)	18.424.212	-	-	-	-	-	39.974	(18.464.186)	-	-	-	-
Total comprehensive income												
- *Loss on remeasurement of defined benefit plans*	-	-	-	-	1.243.108	-	-	-	-	1.243.108	-	**1.243.108**
- *Gain on revaluation of propery, plant and equipment*	-	-	-	17.098.914	-	-	-	-	-	17.098.914	13.679	**17.112.593**
- *Currency translation difference*	-	-	-	-	-	(1.051.353)	-	-	-	(1.051.353)	(619)	**1.051.972**
- *Net profit for the period*	-	-	-	-	-	-	-	-	11.037.557	(11.031.557)	-	**11.031.557**
Balance as at 31 December 2020	**35.000.000**	**6.436.501**	**5.220**	**61.509.912**	**(1.914.155)**	**(2.898.018)**	**1.369.501**	**(11.716.677)**	**11.037.557**	**76.760.727**	**49.253**	**76.809.980**

DURAN DOĞAN BASIM VE AMBALAJ SANAYİ A.Ş. AND ITS SUBSIDIARIES

AUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2021

(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)

A.Cash flow from operating activities	**Notes**	**Current Period 1 January- 31 December 2021**	**Prior Period 1 January- 31 December 2020**
Net income/(loss) for the period		**1.323.754**	**(11.031.557)**
- Adjustments related to depreciation and amortization	9,10	19.157.985	16.174.146
- Adjustments related to gain on sale of property, plant and equipment (net)	19	-	(255.780)
- Adjustments related to provision for employment termination benefits	12	3.558.961	2.620.934
- Adjustments related to other provision	11	51.735	17.293
- Adjustments related to provision for unused vacation	12	564.946	(79.793)
- Adjustments related to bonus provision	12	5.750.000	1.024.493
- Adjustments related to provision for doubtful receivables	5	208.288	56.792
- Adjustments related to allowance for impairment of inventory	7	851.408	1.161.027
- Adjustments related to tax income	22	6.929.096	(2.075.381)
- Adjustments related to interest income	18	(559.020)	(418.593)
- Adjustments related to interest expense	20	18.249.161	10.747.981
- Adjustments related to unrealized net foreign exchange (losses)/gains		84.978.183	49.679.750
Total adjustments to net loss for the period		**141.064.497**	**67.621.312**
Changes in working capital		-	
- Changes in trade receivables		(79.442.187)	(17.327.414)
- Changes in inventories		(81.412.218)	(10.281.426)
- Changes in other receivables and assets		(22.221.603)	(5.853.063)
- Changes in trade payables		56.764.930	10.639.233
- Change in trade payables to related parties		4.340.079	294.424
- Changes in payables related to employee benefits		1.262.901	171.965
- Changes in other payables and liabilities		16.650.846	463.755
		37.007.245	**45.728.786**
- Other provisions paid		(12.317)	(12.317)
- Bonus paid	12	(3.364.668)	(1.135.507)
- Interest received	18	559.020	418.593
- Termination benefits paid	12	(2.336.707)	(1.074.797)
- Tax paid	22	(5.463.207)	(517.370)
Net cash generated from operating activities		**26.389.366**	**43.407.388**

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

DURAN DOĞAN BASIM VE AMBALAJ SANAYİ A.Ş. AND ITS SUBSIDIARY

AUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2021

(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)

	Notes	Current Period 1 January- 31 December 2021	Current Period 1 January- 31 December 2020
B.Cash flows from investing actıvities		-	
- Proceeds from disposal of property, plant and equipment	9-10,19	138.658	311.445
- Payments for the purchase of property, plant and equipment	9	(33.361.322)	(16.569.673)
- Payments for the purchase of intangible assets	10	(997.725)	(965.728)
- Advances given for the purchase of property, plant and equipment		(948.770)	4.860.923
		(35.169.159)	**(12.363.033)**
C.Cash flows from financing activities			
Cash Flows			
- New borrowings	24	132.576.642	79.486.051
- Repayment of borrowings	24	(108.539.210)	(58.750.681)
- Repayment of lease payables	24	(25.223.612)	(22.242.274)
- Inerest paid		(16.119.827)	(6.476.383)
- Change in other financial liabilities		(4.846)	316.400
		(17.310.853)	**(7.666.887)**
NET DECREASE IN CASH AND CASH EQUIVALENTS BEFORE THE EFFECT OF CURRENCY TRANSLATION DIFFERENCES (A+B+C)		(26.090.646)	23.377.468
D.EFFECTS OF CURRENCY TRANSLATION ON CASH AND CASH EQUIVALENTS		(6.776.613)	(1.051.353)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)		**(32.867.259)**	**22.326.115**
E.CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		47.808.660	25.482.545
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)	26	**14.941.401**	**47.808.660**

(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)

1. ORGANIZATION AND OPERATIONS OF THE GROUP

Duran Doğan Basım ve Ambalaj Sanayi A.Ş. ("Company") and its Subsidiaries, Duran Doğan Dış Ticaret A.Ş., Duran Doğan Europe B.V., Avantgarde Sürdürülebilir Kağıtçılık Sanayi ve Ticaret A.Ş, and Dudo UK Ltd., (together "Group") primarily carry out printing, cutting, gluing and laminating processes over paper and cardboard in rolls and sheets, as well as over such materials as any plastic materials, aluminum, metal, tin, etc., for production of any kind of packaging, and to sell, to export and import the same, as well as to engage in and deal with other fields of activities set forth in its Articles of Association.

The Company has been established in 1975 and its headquarter is at Hadımköy Mahallesi Mustafa İnan Cad. No:41 Arnavutköy / Istanbul, Turkey and its subsidiary is also located in Turkey.

Shares of the Company are registered with Capital Market Board (CMB) and are traded at Istanbul Stock Exhange.

Total number of personnel employed at Group as of 31 December 2021 is 317 (31 December 2020: 302).

Major shareholders of Company are LGR International Societe Anonyme (30.00%), Dikran Mihran Acemyan (9.76%), İbrahim Okan Duran (7.95%), Oktay Duran (8.30%) and Dikran Acemyan (7.85%).

As of 31 December 2021 and 2020 both main operating activities and direct or indirect ownership shares of subsidiaries under full consolidation is demonstrated below.

	December 31, 2021		December 31, 2020		
	Direct ownership	Indirect ownership	Direct ownership	Indirect ownership	
Subsidiary	%	%	%	%	Business Line
Duran Doğan Dış Ticaret A.Ş.	99,92	99,92	99,92	99,92	Domestic and foreign trade of printed and unprinted cardboard boxes and bundles
Dudo UK Ltd.	100	100	100	100	Domestic and foreign trade of printed and unprinted cardboard boxes and bundles
Duran Dogan Europe B.V.	100	100	100	100	Domestic and foreign trade of printed and unprinted cardboard boxes and bundles
Avantgarde Sürdürülebilir Kağıtçılık Sanayi ve Ticaret A.Ş. (*)	100	100	-	-	Sales of technical papers with barrier properties such as oxygen, moisture and oil for use in the production of sustainable flexible packaging

(*) The company established on 27 October 2021, and the company doesn't have any operation as of December 31st. Commercial activites started in January 2022.

Approval of Financial Statements

Consolidated financial statements were ratified by the Board of Directors and authorised for issue there on 11 March 2022. The General Assembly of the Company has the authority to modify the consolidated financial statements.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.1 Basis of Presentation

Statement of Compliance

Financial statements attached are prepaid in accordance with the June 13, 2013 and number 28676 declaration of Capital Markets Board ("CMB") with the 5th item of the series number II, 14.1 "Rules of Declaration related with the financial reporting in CMB ("Declaration") and the Turkish Accounting Standards/Turkish Financial Reporting Standards and the attachments and comments related with these standards (TAS/TFRS) are based on.

In addition, financial statements and disclosures are presented in accordance with the format described by CMB at 7 June 2013.

The consolidated financial statements have been prepared on the historical cost basis except revaluation of property, plant and equipment. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Functional Currency

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). Each entity's financial position and results of operations are presented in TRY which is the functional currency of the Group.

Preparation of Financial Statements in Hyperinflationary Periods

In the announcement published by the Public Oversight Accounting and Auditing Standards Authority on January 20, 2022, it is stated that TAS 29 Financial Reporting in Hyperinflationary Economies does not apply to the TFRS financial statements as of December 31, 2021, since the cumulative change in the general purchasing power of the last three years according to Consumer Price Index (CPI) is 74.41%. In this respect, consolidated financial statements as of December 31, 2021 are not adjusted for inflation in accordance with TAS 29.

With the "Law Amending the Tax Procedure Law and the Corporate Tax Law", which was accepted on the agenda of the Turkish Grand National Assembly on January 20, 2022, the application of inflation accounting was postponed starting from the balance sheet dated on December 31, 2023

Comparative Information and Restatement of Prior Period Consolidated Financial Statements

Group's consolidated financial statements have been prepared comparatively with the prior period for allow the determination of financial position and performance trend. Comparative information is reclassified when necessary and important differences are explained, in order to conform to the current period financial statement's presentation. The group has no reclassification in the current financial period.

- Advances given for tangible assets amounting to TRY 5.234.961 in the short-term prepaid expenses account have been reclassified to the long-term prepaid expenses account.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.1 Basis of Presentation (cont'd)

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2.2 Changes in the Accounting Policies

Significant changes in accounting policies are applied retrospectively and previous period financial statements are restated. Group has not changed accounting policies significantly because of the changes in current period on standard.

2.3 Changes in the Accounting Estimates and Errors

If the changes in accounting estimates are for only one period, they are applied prospectively in the current period when the change is made. if they are for the future periods there are applied prospectively both in the period when the change is made and in the future periods. Significant accounting errors detected are corrected retrospectively and prior period financial statements are restated.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.4 Changes in Turkish Financial Reporting Standards (TFRSs)

The new standards, amendments and interpretations

The accounting policies adopted in preparation of the consolidated financial statements as at December 31, 2021 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRS interpretations effective as of January 1, 2021 and thereafter. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

i) The new standards, amendments and interpretations which are effective as at January 1, 2021 are as follows:

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

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

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

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

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

Relief from discontinuing hedging relationships

- The amendments permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.
- Amounts accumulated in the cash flow hedge reserve are deemed to be based on the RFR.
- For the TAS 39 assessment of retrospective hedge effectiveness, on transition to an RFR, entities may elect on a hedge-by-hedge basis, to reset the cumulative fair value changes to zero.
- The amendments provide relief for items within a designated group of items (such as those forming part of a macro cash flow hedging strategy) that are amended for modifications directly required by IBOR reform. The reliefs allow the hedging strategy to remain and not be discontinued.
- As instruments transition to RFRs, a hedging relationship may need to be modified more than once. The phase two reliefs apply each time a hedging relationship is modified as a direct result of IBOR reform.

Separately identifiable risk components

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

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.4 Changes in Turkish Financial Reporting Standards (TFRSs)

Additional disclosures

Amendments need additional TFRS 7 Financial Instruments disclosures such as; How the entity is managing the transition to RFRs, its progress and the risks to which it is exposed arising from financial instruments due to IBOR reform, quantitative information about financial instruments that have yet to transition to RFRs and If IBOR reform has given rise to changes in the entity's risk management strategy, a description of these changes.

The amendments are mandatory, with earlier application permitted. While application is retrospective, an entity is not required to restate prior periods.

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

Amendments to IFRS 16 - Covid-19-Related Rent Concessions and Covid-19-Related Rent Concessions beyond 30 June 2021

In June 2020, the POA issued amendments to TFRS 16 Leases to provide relief to lessees from applying TFRS 16 guidance on lease modifications to rent concessions arising a direct consequence of the Covid-19 pandemic. In April 7, 2021, POA extended the exemption to include concessions that cause a decrease in lease payments whose maturity expired on or before June 30, 2022.

A lessee will apply the amendment for annual reporting periods beginning on or after 1 April 2021. Early application of the amendments is permitted.

Overall, the Group expects no significant impact on its balance sheet and equity.

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

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

Amendments to TFRS 10 and TAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

In December 2017, POA postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted. The Group will wait until the final amendment to assess the impacts of the changes.

Amendments to TFRS 3 – Reference to the Conceptual Framework

In July 2020, the POA issued amendments to TFRS 3 Business combinations. The amendments are intended to replace to a reference to a previous version of the Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework) without significantly changing requirements of TFRS 3. At the same time, the amendments add a new paragraph to TFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. The amendments issued to TFRS 3 which are effective for periods beginning on or after 1 January 2022 and must be applied prospectively. Earlier application is permitted if, at the same time or earlier, an entity also applies all of the amendments contained in the Amendments to References to the Conceptual Framework in TFRS standards (2018 Version).

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

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.4 Changes in Turkish Financial Reporting Standards (TFRSs)

Amendments to TAS 16 – Proceeds before intended use

In July 2020, the POA issued amendments to TAS 16 Property, plant and equipment. The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and costs of producing those items, in profit or loss. The amendments issued to TAS 16 which are effective for periods beginning on or after 1 January 2022. Amendments must be applied retrospectively only to items of PP&E made available for use on or after beginning of the earliest period presented when the entity first applies the amendment.

There is no transition relief for the first time adopters.

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

Amendments to TAS 37 – Onerous contracts – Costs of Fulfilling a Contract

In July 2020, the POA issued amendments to TAS 37 Provisions, Contingent Liabilities and Contingent assets. The amendments issued to TAS 37 which are effective for periods beginning on or after 1 January 2022, to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making and also apply a "directly related cost approach". Amendments must be applied prospectively to contracts for which an entity has not fulfilled all of its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Earlier application is permitted and must be disclosed.

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

TFRS 17 - The new Standard for insurance contracts

The POA issued TFRS 17 in February 2019, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. TFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. Certain changes in the estimates of future cash flows and the risk adjustment are also recognised over the period that services are provided. Entities will have an option to present the effect of changes in discount rates either in profit and loss or in OCI. The standard includes specific guidance on measurement and presentation for insurance contracts with participation features. TFRS 17 will become effective for annual reporting periods beginning on or after 1 January 2023; early application is permitted. In accordance with amendments issued by POA in December 2021, entities have transition option for a "classification overlay" to avoid possible accounting mismatches between financial assets and insurance contract liabilities in the comparative information presented on initial application of TFRS 17.

The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

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

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

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

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.4 Changes in Turkish Financial Reporting Standards (TFRSs)

Amendments to TAS 8 - Definition of Accounting Estimates

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

Overall, the Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

Amendments to TAS 1 - Disclosure of Accounting Policies

In August 2021, the POA issued amendments to TAS 1, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments issued to TAS 1 are effective for annual periods beginning on or after 1 January 2023. In the absence of a definition of the term 'significant' in TFRS, the POA decided to replace it with 'material' in the context of disclosing accounting policy information. 'Material' is a defined term in TFRS and is widely understood by the users of financial statements, according to the POA. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and the nature of them. Examples of circumstances in which an entity is likely to consider accounting policy information to be material have been added.

Overall, the Group is in the process of assessing the impact of the amendments on financial position or performance of the the Group.

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

In August 2021, the POA issued amendments to TAS 12, which narrow the scope of the initial recognition exception under TAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments issued to TAS 12 are effective for annual periods beginning on or after 1 January 2023. The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability. The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations should be recognized.

Overall, the Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.4 Changes in Turkish Financial Reporting Standards (TFRSs)

Annual Improvements – 2018–2020 Cycle

In July 2020, the POA issued Annual Improvements to TFRS Standards 2018–2020 Cycle, amending the followings:

- *TFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter:* The amendment permits a subsidiary tto measure cumulative translation differences using the amounts reported by the parent. The amendment is also applied to an associate or joint venture.
- *TFRS 9 Financial Instruments – Fees in the "10 per cent test" for derecognition of financial liabilities:* The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either borrower or lender on the other's behalf.
- *TAS 41 Agriculture – Taxation in fair value measurements:* The amendment removes the requirement in paragraph 22 of TAS 41 that entities exclude cash flows for taxation when measuring fair value of assets within the scope of TAS 41.

Improvements are effective for annual reporting periods beginning on or after 1 January 2022. Earlier application is permitted for all.

The Group is in the process of assessing the impact of the amendments / improvements on financial position or performance of the Group.

2.5 Summary of Significant Accounting Policies

Revenue

Revenue, goods or services related to performance obligations in the form of goods or service turnover are accounted for as they fulfil their performance obligations by transferring them to their customers.

The Group evaluates the transfer of control of the goods or services sold to the customer,

a) Ownership of the Group's right to collect goods or services,
b) The ownership of the property of the customer,
c) Transfer of the possession of the goods or services,
d) Ownership of significant risks and rewards arising from the ownership of the goods or services,
e) It takes into account the conditions for the customer to accept the goods or services.

Service to a customer and when the customer pays for that good or service will be one year or less, the promised amount of consideration for the effects of a significant financing component is not adjusted. On the other hand, when the contract effectively constitutes a financing component, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of the consideration is recognised on an accrual basis as other operating income.

Interest income:

Interest income is accrued using the effective interest method which brings the remaining principal amount and expected future cash flows to the net book value of the related deposit during the expected life of the deposit.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.5 Summary of Significant Accounting Policies (cont'd)

Inventories

Inventories are stated at the lower of cost or net realizable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories according to their inventory classes and valuation method of inventories is weighted average out method. Net realizable value represents the estimated selling price which occurred in the ordinary course of business, less all estimated costs of completion and costs necessary to make a sale. When the net realizable value of inventory is less than cost, if the inventory is written down to the net realizable value and the expense is included in statement of comprehensive income in the year the write-down or loss occurred. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of the changes in economic circumstances, the amount of the write-down is reversed. The reversal amount is limited to the amount of the initial write-down.

Related Parties

A related party is a person or entity that is related to the entity that is preparing its financial statements.

a) A person or a close member of that person's family is related to a reporting entity if that person:

   i) has control or joint control over the reporting entity;
   ii) has significant influence over the reporting entity; or
   iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

b) An entity is related to a reporting entity if any of the following conditions applies:

   (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
   (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
   (iii) Both entities are joint ventures of the same third party.
   (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
   (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
   (vi) The entity is controlled or jointly controlled by a person identified in (a).
   (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.5 Summary of Significant Accounting Policies (cont'd)

Property, Plant and Equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value at the date of revaluation is the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

Any revaluation increase arising on the revaluation of such land and buildings is recognized in other comprehensive income and accumulated in equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognized in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such land and buildings is recognized in profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation on revalued buildings is charged to profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings.

Freehold land is not depreciated. Fixtures and equipment other than land are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognized so as to write off the cost or valuation of assets, other than freehold land and properties under construction, less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful lives.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.5 Summary of Significant Accounting Policies (cont'd)

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Derecognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.5 Summary of Significant Accounting Policies (cont'd)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Borrowing Costs

All borrowing costs are recorded in the income statement in the period in which they are incurred.

Financial Instruments

Financial assets

The Company shall recognize a financial asset or a financial liability in its statement of financial position when, and only when, the entity becomes party to the contractual provisions of the instrument. A regular way purchase or sale of financial assets shall be recognized and derecognized, as applicable, using trade date accounting or settlement date accounting. Purchase and sale transactions of securities are accounted at the settlement date. The classification of financial instruments at initial recognition depends on the contractual conditions and the relevant business model.

Except for the assets in the scope of TFRS 15 Revenue from contracts with customers, at initial recognition, the Bank measures financial asset or financial liabilities at fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit/loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

On which category a financial instruments shall be classified at initial recognition depends on both the business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

The company's financial assets and liabilities within the scope of TFRS 9 are shown below:

Financial assets:

Financial investments, except financial assets classified at fair value through profit or loss and financial assets initially recognized at fair value, are recognized at fair value net of directly attributable transaction costs. Investments are recognized and derecognized on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned.

Financial assets are classified into the following specified categories: "financial assets at fair value through profit or loss ("FVTPL")", "financial assets measured at amortized cost", and "financial assets at fair value through other comprehensive income ("FVTOCI")".

Financial assets at FVTPL

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorized as financial assets at fair value through profit or loss unless they are designated for hedging purposes.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.5 Summary of Significant Accounting Policies (cont'd)

Financial Instruments (cont'd)

<u>Financial assets measured at amortized cost</u>

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are classified as financial assets measured at amortized cost. Financial assets measured at amortized cost are initially recognized at acquisition cost including the transaction costs which reflect the fair value of those instruments and subsequently recognized at amortized cost by using effective interest rate method. Interest income obtained from financial assets measured at amortized cost is accounted in income statement.

<u>Financial assets at FVTOCI</u>

Financial assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are classified as financial assets at FVTOCI.

Financial assets at fair value through other comprehensive income are measured at fair value subsequent to their initial recognition. However, if the fair values cannot be reliably measured, then those Financial assets at fair value through other comprehensive income with fixed maturity are measured at amortised cost by using effective interest rate model and those available for sale investment securities without fixed maturity are measured by using fair value pricing models or discounted cash flow techniques. Unrecognized gains or losses derived from the changes in fair value of Financial assets at fair value through other comprehensive income and the difference between their fair value and the discounted values calculated per effective interest rate method are recorded in "Fair value reserve" under equity. At the disposal of available for sale investment securities, value increases/decreases recorded in the fair value reserve under equity are transferred to profit or loss.

<u>Recognition and Derecognition of Financial Assets and Liabilities</u>

The Group reflects the financial asset or liabilities to the financial statements when it becomes a party to the relevant financial instrument contracts. A financial asset is derecognized when the control over the contractual rights from that asset is lost. A financial liability is derecognized when its contractual obligations are discharged, cancelled or expire.

<u>Impairment of Financial Assets / Expected Credit Loss</u>

At each reporting date, the Group shall assess whether the credit risk on a financial instrument has increased significantly since initial recognition. The Group considers the changes in the default risk of financial instrument, when making the assessment. The expected credit loss estimates are required to be unbiased, probability-weighted and include supportable information about past events, current conditions, and forecasts of future economic conditions.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of a provision account. When a trade receivable is uncollectible, it is written off against the provision account. Changes in the carrying amount of the provision are recognized in profit or loss. With the exception of FVOCI equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of FVOCI equity securities, any increase in fair value subsequent to an impairment loss is recognized directly in equity.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.5 Summary of Significant Accounting Policies (cont'd)

Financial Instruments (cont'd)

Trade receivables

Trade receivables that are created by way of providing goods or services directly to a debtor are measured at amortized cost, using the effective interest rate method, Short duration receivables with no stated interest rate are measured at the original invoice amount unless the effect of imputing interest is significant.

Group has preferred to apply "simplified approach" defined in TFRS 9 for the recognition of impairment losses on trade receivables, carried at amortised cost and that do not comprise of any significant finance component (those with maturity less than 12 months). In accordance with the simplified approach, Group measures the loss allowances regarding its trade receivables at an amount equal to "lifetime expected credit losses" except incurred credit losses in which trade receivables are already impaired for a specific reason.

If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited to other operating income.

Cash and cash equivalents

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

Financial liabilities

Financial liabilities are initially measured at fair value. Financial liabilities other than fair value through profit or loss are initially measured at fair value, net of transaction costs. Financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

Earnings per Share

Earnings per share disclosed in the accompanying consolidated statement of income is determined by dividing net income by the weighted average number of shares in existence during the year concerned.

In Turkey, companies can raise their share capital by distributing "Bonus Shares" to shareholders from retained earnings. In computing earnings per share, such "bonus share" distributions are assessed as issued shares. Accordingly, the retrospective effect for those share distributions is taken into consideration in determining the weighted-average number of shares outstanding used in this computation.

Effect of Exchange Differences

Foreign Currency Balances and Transaction

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in TRY, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than TRY (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.5 Summary of Significant Accounting Policies (cont'd)

Effect of Exchange Differences (cont'd)

Foreign Currency Balances and Transaction

Exchange differences are recognized in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets where they are regarded as an adjustment to interest costs on those foreign currency borrowings;

- Exchange differences on transactions entered into in order to hedge certain foreign currency risks (see below for hedging accounting policies);

- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognized in the foreign currency translation reserve and recognized in profit or loss on disposal of the net investment.

Financial Statements of Associates, Subsidiaries and Joint Ventures Operaitng in Other Countries

Assets and liabilities of the Group's foreign operations, are presented in TRY considering exchange rates valid at the reporting date. Income and expenses are translated by using the average rate calculated for the year when the transaction occurred, unless significant fluctuation has happened in exchange rates. In case of any significant fluctuation in exchange rates, the transaction is translated by using the exchange rate at the transaction date. The translation difference is accounted under comprehensive income as a component of equity.

Events After the Reporting Period

Events after the reporting period are those events that occur between the balance sheet date and the date when the financial statements are authorized for issue, even if they occur after an announcement related with the profit for the year or public disclosure of other selected financial information.

The Group adjusts the amounts recognized in its financial statements if adjusting events occur after the balance sheet date.

Provisions, Contingent Liabilities and Assets

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.5 Summary of Significant Accounting Policies (cont'd)

Provisions, Contingent Liabilities and Assets (cont'd)

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Taxation and Deferred Taxes

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.

Tax expense form continues operation includes current year income tax expense and deferred income tax (expense) / benefit.

Current tax

Current year income tax is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.5 Summary of Significant Accounting Policies (cont'd)

Taxation and Deferred Taxes (cont'd)

Deferred tax (cont'd)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax are recognized as in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Employee Benefits

Termination and retirement benefits

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Group. Such payments are considered as being part of defined retirement benefit plan as per Turkish Accounting Standard No. 19 (revised) “Employee Benefits” (“TAS 19”).

The retirement benefit obligation recognized in the consolidated statement of financial position represents the present value of the defined benefit obligation. The actuarial gains and losses are recognized in other comprehensive income.

Profit-sharing and bonus plans

The Group recognizes a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the company’s shareholders after certain adjustments. The group recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Statements of Cash Flows

In statement of cash flows, cash flows are classified according to operating, investing and financing activities.

Share Capital and Dividends

Common shares are classified as equity. Dividends on common shares are recognized in equity in the period in which they are approved and declared.

(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)

2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

2.6 Critical Accounting Judgments and Key Sources of Estimation Uncertainty

Critical judgments in applying the Group's accounting policies

In the process of applying accounting policies, which are described in Note 2.5, management has made the following judgments that have the most significant effect on the amounts recognized in the consolidated financial statements.

Useful life of property plant and equipment

The Group amortized its property, plant and equipment based over the estimated useful life of asset that stated in Note 9 and Note 10.

Impairment of inventories

The Group determined the inventories with net realizable values less than their costs and booked TRY 851.408 inventory impairment provision in consolidated financial statements (2020: TRY 1.161.027).

Provision for doubtful receivables

Group has preferred to apply "simplified approach" for the recognition of impairment losses on trade receivables, carried at amortised cost and that do not comprise of any significant finance component (those with maturity less than 12 months). In accordance with the simplified approach, Group measures the loss allowances regarding its trade receivables at an amount equal to "lifetime expected credit losses" except incurred credit losses in which trade receivables are already impaired for a specific reason. The Group management booked TRY 838.259 (2020: TRY 629.971) doubtful receivable provision in 31 December 2021 consolidated financial statements.

Revaluation of land and building

Land and buildings are stated in the consolidated statement of financial position at their revalued amounts and the assumptions used in the valuation disclosed in Note 9. Valuation report for the year 2020 has been prepared by CMB accredited independent valuation company, 1A Gayrimenkul Değerleme ve Danışmanlık A.Ş..

3. OPERATION SEGMENTS

The Group started to apply TFRS 8 from 1 January 2013. The autohority who is responsible to take decisions about Groups operating activities determines operating segments based on the management reports reviewed regularly.

The reportable operating segments derive their revenue primarily from sales to Turkey, Europe, USA, Middle East and Africa, and Asia Pacific regions.

	1 January - 31 December 2021						
	Turkey	Europe	USA	Middle East and Africa	Asia Pacific	Other	Total
Gross sales	203.382.743	301.815.651	11.253.307	8.854.834	2.471.124	4.185.457	531.963.116

	1 January - 31 December 2020						
	Turkey	Europe	USA	Middle East and Africa	Asia Pacific	Other	Total
Gross sales	134.083.650	142.481.715	5.394.006	10.815.257	4.098.105	3.100.394	299.973.127

(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)

4. RELATED PARTY DISCLOSURES

a) Receivables and payables from related parties:

	31 December 2021				
	Receivable Short Term	Receivable Short Term	Liabilities Short Term	Liabilities Short Term	Liabilities Long Term
Balances with related parties	Trade	Non-Trade	Trade	Non-Trade	Non-Trade
Other companies managed by main					
LGR International Societe Anonyme (*)	-	-	3.795.213	450.257	30.227.800
Koenig Bauer Duran Amb.Kar.Tek.San.	-	-	2.197.569	-	-
Durkat Karton Amb.Tekn.San.Tic.A.ş.	-	-	-	-	-
	-	-	5.992.782	450.257	30.227.800

	31 December 2020				
	Receivable Short Term	Receivable Short Term	Liabilities Short Term	Liabilities Short Term	Liabilities Long Term
Balances with related parties	Trade	Non-Trade	Trade	Non-Trade	Non-Trade
Other companies managed by main					
LGR International Societe Anonyme (*)	-	-	1.632.778	229.702	18.015.800
Koenig Bauer Duran Amb.Kar.Tek.San.	-	-	19.925	-	-
Durkat Karton Amb.Tekn.San.Tic.A.ş.	-	-	-	-	-
	-	-	1.652.703	229.702	18.015.800

(*) Long term non-trade payables to related party balance is related to debt accounted for EUR 2.000.000 debt with maturity date of 31 January 2023 and 3%+12 Month EURIBOR interest rate, which is provided by the entity's shareholder LGR International Societe Anonyme.

Related party transactions are not subject to interest charge.

(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)

4. RELATED PARTY DISCLOSURES (cont'd)

b) Purchases and sales from related parties:

	1 January - 31 December 2021		
Transactions with related parties	Purchase of goods and services	Sales of goods and services	Interest expenses
Other companies managed by main shareholder			
LGR International Societe Anonyme (*)	3.795.213	-	764.296
Lgr Emballages S.A.S.	-	-	-
Durkat Karton Amb.Tekn.San.Tic.A.ş.	-	18.439	-
Koenig Bauer Duran Amb.Kar.Tek.San.	597.840	2.465.836	-
	4.393.053	2.484.275	764.296

	1 January - 31 December 2020		
Transactions with related parties	Purchase of goods and services	Sales of goods and services	Interest expenses
Other companies managed by main shareholder			
LGR International Societe Anonyme (*)	1.653.523	-	547.981
Lgr Emballages S.A.S.	-	-	-
Durkat Karton Amb.Tekn.San.Tic.A.ş.	-	18.439	-
Koenig Bauer Duran Amb.Kar.Tek.San.	503.167	13.714	
	2.156.690	32.153	547.981

(*) The amount consists of personnel expenses and travel expenses which LGR International S.A.S. reflected to the Group.

c) Compensation to key management consist of; Chairman of the Board, Vice President of Executive Board, Other Executive Board Members, General Manager, Vice General Manager and Chief Financial Officer.

	1 January-31 December 2021	1 January-31 December 2020
Performance premium	9.114.668	2.445.960
Salary	6.817.824	5.127.570
Bonus	752.110	645.500
Attandance fee	485.100	426.300
Other short-term benefits	191.235	16.105
	17.360.937	**8.661.435**

(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)

5. TRADE RECEIVABLES AND PAYABLES

a) Trade Receivables

Short term trade receivables	31 December 2021	31 December 2020
Trade receivables	142.561.936	64.266.976
Notes receivables	7.943.224	6.795.997
Provision for doubtful receivables (-)	(838.259)	(629.971)
	149.666.901	70.433.002

The details of the Group's trade receivables as of balance sheet date are as follows:

Average maturity days of trade receivables are 90 days for domestic costumers, 120 days for foreign customers. As of 31 December 2021, provision for doubtful receivables is amounting to TRY 838.259 (31 Aralık 2020: TRY 629.971).

Allowance for doubtful receivables recorded for trade receivables have been determined due to past experience of incidence of non-collection. The Group assesses whether there is a change in the credit quality of the aforementioned receivables from the date of first occurrence to the report date when deciding whether or not the receivables can be collected.

The Group management believes that there is no need for more provision than the current doubtful receivable provision in the accompanying consolidated financial statements.

The movement of allowance for doubtful trade receivables of the Group is as follows:

Movements of provision for doubtful receivables	31 December 2021	31 December 2020
Openning balance	629.971	573.179
Charge for the period (*)	208.288	56.792
Closing balance	838.259	629.971

The guarantees for trade receivables of the Group are as follows:

Short term trade receivables	31 December 2021	31 December 2020
Insurance for trade receivables	13.367.181	6.063.627
	13.367.181	6.063.627

(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)

5. TRADE RECEIVABLES AND PAYABLES (cont'd)

b) Trade Payables

Details of Group's trade payables as of balance sheet date are as follows:

Short term trade liabilities	31 December 2021	31 December 2020
Trade payables	90.676.963	35.095.982
Expense accruals	1.644.317	460.368
Payables to related parties (Note 4)	5.992.782	1.652.703
	98.314.062	37.209.053

Average maturity days of payables for raw material is 76 days (2020: 49 days).

6. OTHER RECEIVABLES AND PAYABLES

Other current receivables	31 December 2021	31 December 2020
Guarantees and deposits given	11.309	7.787
Receivables from personnel	60.038	42.900
	71.347	50.687

Other current payables	31 December 2021	31 December 2020
Other payables to related parties	450.257	229.702
Other various payables	28.928	16.434
	479.185	246.136

Other non-current payables	31 December 2021	31 December 2020
Other payables to related parties (*)	30.227.800	18.015.800

(*) Other payables to related parties represent the funds lent by LGR International Societe Anonyme's to the Group for EUR 2.000.000 with a due date of 31 January 2023 and an interest rate of 3% +12 Month Euribor. During the year 2021, total interest accrued amount is EUR 60.833 (2020: EUR 60.833).

(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)

6. OTHER RECEIVABLES AND PAYABLES (cont'd)

Other non-current receivables	31 December 2021	31 December 2020
Guarantees and deposits given	588.733	360.584
Receivables from personnel	22.500	55.900
	611.233	416.484

7. INVENTORIES

Inventories are valuated at their cost value, and provision is booked for inventories with impaired in value.

	31 December 2021	31 December 2020
Raw materials	63.655.304	26.529.086
Finished goods	58.866.328	27.909.237
Work in progress	17.799.013	5.770.383
Stock in transit	1.668.722	1.529.470
Provision for impairment of inventories (-)	(851.408)	(1.161.027)
	141.137.959	60.577.149

Movements in provision for impairment on inventory during periods ending at 31 December 2021 and 2020 are as follows:

Movement of provision of impairment of inventory	1 January- 31 December 2021	1 January- 31 December 2020
Openning balance	(1.161.027)	(672.034)
Provisions released	1.161.027	672.034
Charge for the period	(851.408)	(1.161.027)
Closing balance	(851.408)	(1.161.027)

Provision for impairment of inventories are booked under cost of goods sold.

(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)

8. PREPAID EXPENSES AND DEFERRED INCOME

Short term prepaid expenses	31 December 2021	31 December 2020
Advances given to purchase inventory	12.889.041	1.152.072
Prepaid expenses	4.014.815	2.114.739
Business advances	3.000	3.500
	16.906.856	3.270.311

Long term deferred income	31 December 2021	31 December 2020
Deferred income	597.928	-
	597.928	-

Short term deferred income	31 December 2021	31 December 2020
Advances received	3.758.612	343.260
Deferred income	4.152.301	1.273.052
	7.910.913	1.616.312

Long term prepaid expenses	31 December 2021	31 December 2020
Advances given to purchase fixed asset	948.770	5.234.961
Prepaid expenses	590.408	601.386
	1.539.178	5.836.347

(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)

9. PROPERTY, PLANT AND EQUIPMENT AND RIGHT OF USE ASSETS

a-) Property, plant and equipment

	Machinery, plant and devices	Fixture	Vehicles	Construction in Progress	Leasehold improvements	Total
Cost & Revaluation Value						
Openning balance at 1 January 2021	79.088.803	15.617.034	80.508	9.781.957	5.387.296	109.955.598
Transfer from consturction in progress	8.914.345		-	(8.914.345)		-
Additions	26.299.935	4.965.384	-	87.738	2.008.265	33.361.322
Disposals	(34.876)	(103.782)	-			(138.658)
Closing balance at 31 December 2021	114.268.207	20.478.636	80.508	955.350	7.395.561	143.178.262
Accumulated depreciation						
Openning balance at 1 January 2021	45.568.126	9.964.818	49.648	-	2.767.170	58.349.762
Charge for the period	7.121.025	1.920.057	16.102	-	1.098.512	10.155.696
Disposals	(34.876)	(77.934)	-	-	-	(112.810)
Closing balance at 31 December 2021	52.654.275	11.806.941	65.750	-	3.865.682	68.392.648
Net book value at 31 December 2021	61.613.932	8.671.695	14.758	955.350	3.529.879	74.785.614

The amount of insurance on fixed assets is EUR 44.431.918 (2020: EUR 30.328.866).

(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)

9. PROPERTY, PLANT AND EQUIPMENT AND RIGHT OF USE ASSETS (cont'd)

a-) Property, plant and equipment (cont'd)

	Machinery, plant and	Fixtures	Vehicles	Construction in Progress	Leasehold improvements	Total
Cost & Revaluation Value						
Openning balance at 1 January 2020	77.918.584	12.199.476	80.508	157.584	3.540.701	93.896.853
Transfer from consturction in progress	849.599	314.844	-	(2.752.944)	1.588.501	-
Additions	592.050	3.340.212	-	12.377.317	260.094	16.569.673
Disposals	(271.430)	(237.498)	-	-	(2.000)	(510.928)
Closing balance at 31 December 2020	79.088.803	15.617.034	80.508	9.781.957	5.387.296	109.955.598
Accumulated depreciation						
Openning balance at 1 January 2020	39.432.252	8.792.706	33.546	-	2.213.199	50.471.703
Charge for the period	6.407.303	1.353.946	16.102	-	555.971	8.333.322
Disposals	(271.429)	(181.834)	-	-	(2.000)	(455.263)
Closing balance at 31 December 2020	45.568.126	9.964.818	49.648	-	2.767.170	58.349.762
Net book value at 31 December 2020	33.520.677	5.652.216	30.860	9.781.957	2.620.126	51.605.836

(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)

9. PROPERTY, PLANT AND EQUIPMENT AND RIGHT OF USE ASSETS (cont'd)

b-) Right of use assets

Cost	Land	Buildings	Vehicles	Machinery, plant and devices	Total
Openning balance at 1 January 2021	58.075.000	43.462.434	2.951.782	34.974.682	139.463.898
Additions	-	-	2.055.462	-	2.055.462
Closing balance at 31 December 2021	**58.075.000**	**43.462.434**	**5.007.244**	**34.974.682**	**141.519.360**
Accumulated depreciation					
Openning balance at 1 January 2021	(8.112)	(7.537.223)	(1.566.927)	(3.885.381)	(12.997.643)
Effect of change in accounting policies					-
Charge for the period	-	(3.376.724)	(1.125.671)	(3.547.860)	(8.050.255)
Disposal					-
Closing balance at 31 December 2021	**(8.112)**	**(10.913.947)**	**(2.692.598)**	**(7.433.241)**	**(21.047.898)**
Net book value at 31 December 2021	**58.066.888**	**32.548.487**	**2.314.646**	**27.541.441**	**120.471.462**

Cost	Land	Buildings	Vehicles	Machinery, plant and devices	Total
Openning balance at 1 January 2020	47.826.000	28.187.639	2.191.670	9.641.012	87.846.321
Effect of change in accounting policies	10.249.000	10.050.703	-	-	20.299.703
Additions	-	5.224.092	1.194.272	25.333.670	31.752.034
Disposals	-	-	(434.160)	-	(434.160)
Closing balance at 31 December 2020	**58.075.000**	**43.462.434**	**2.951.782**	**34.974.682**	**139.463.898**
Accumulated depreciation					
Openning balance at 1 January 2020	(8.112)	(4.518.821)	(795.043)	(1.010.649)	(6.332.625)
Effect of change in accounting policies					-
Charge for the period	-	(3.018.402)	(1.020.143)	(2.874.732)	(6.913.277)
Disposal	-	-	248.259	-	248.259
Closing balance at 31 December 2020	**(8.112)**	**(7.537.223)**	**(1.566.927)**	**(3.885.381)**	**(12.997.643)**
Net book value at 31 December 2020	**58.066.888**	**35.925.211**	**1.384.855**	**31.089.301**	**126.466.255**

Fair Value Measurments of Lands and Buildings owned by the Entity

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Land and building acquired by financial leases revalued by an independent valuation company, 1A Gayrimenkul Değerleme ve Danışmanlık A.Ş., dated 21 December 2020. 1A Gayrimenkul Değerleme ve Danışmanlık A.Ş. accredited by CMB and they have appropriate qualifications and recent experience in the fair value measurement of properties in the relevant locations.

The fair value of the freehold land was determined based on the market comparable approach that reflects recent transaction prices for similar properties. The fair value of the buildings was determined using the cost approach that reflects the cost to a market participant to construct assets of comparable utility and age, adjusted for obsolescence.

(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)

9. PROPERTY, PLANT AND EQUIPMENT AND RIGHT OF USE ASSETS (cont'd)

Details of the Group's freehold land and buildings and information about the fair value hierarchy as at 31 December 2021 is as follows:

	Fair value as at Reporting Date			
	31 December 2021	Level 1 TRY	Level 2 TRY	Level 3 TRY
Located in Hadımköy Facility:				
-Land	58.075.000	-	58.075.000	-
-Building	22.898.916	-	22.898.916	-

	Fair value as at Reporting Date			
	31 December 2020	Level 1 TRY	Level 2 TRY	Level 3 TRY
Located in Hadımköy Facility:				
-Land	58.075.000	-	58.075.000	-
-Building	22.898.916	-	22.898.916	-

If lands and buildings were demonstrated as with their cost value, the related amounts would have been as shown as below.

	31 December 2021	31 December 2020
Cost - Land	4.965.000	4.965.000
Cost - Building	15.292.464	15.292.464
Accumulated depreciation- Building	(4.350.867)	(3.854.736)
Net book value	15.906.597	16.402.728

Useful lives of property, plant and equipment and right of use assets are as follows:

	Useful life
Land improvements	10-50
Buildings	5-50
Machinery, plant and devices	4-20
Motor vehicles	1-5
Furniture and Fixtures	4-20

(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)

10. INTANGIBLE ASSETS

Cost	Rights	Capitalized development expenses	Total
Openning balance at 1 January 2021	6.801.509	660.103	7.461.612
Additions	516.088	481.637	997.725
Closing balance at 31 December 2021	7.317.597	1.141.740	8.459.337
Accumulated amortization			
Openning balance at 1 January 2021	4.238.051	256.833	4.494.884
Charge for the period	745.721	206.313	952.034
Closing balance at 31 December 2021	4.983.772	463.146	5.446.918
Net book value at 31 December 2021	2.333.825	678.594	3.012.419

Cost	Rights	Capitalized development expenses	Total
Openning balance at 1 January 2020	6.232.928	262.956	6.495.884
Additions	568.581	397.147	965.728
Closing balance at 31 December 2020	6.801.509	660.103	7.461.612
Accumulated amortization			
Openning balance at 1 January 2020	3.369.734	197.603	3.567.337
Charge for the period	868.317	59.230	927.547
Closing balance at 31 December 2020	4.238.051	256.833	4.494.884
Net book value at 31 December 2020	2.563.458	403.270	2.966.728

Depreciation and amortization expense amounted at TRY 17.239.853 (2020: TRY 14.484.436) has been charged in “cost of goods sold”, TRY 289.804 (2020: TRY 271.312) in “marketing expenses” and, TRY 1.628.328 (2020: TRY 1.400.065) in “general administrative expenses”.

Useful lives of intangible assets are as follow:

	Useful Life
Rights	3-15
Capitalized development expenses	5

(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)

11. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Short term provisions	31 December 2021	31 December 2020
Provision for royalties	51.735	17.293
	51.735	17.293

Movement for provisions is as follow:

	1 January- 31 December 2021	1 January- 31 December 2020
Provision at 1 January	12.317	12.317
Additions	51.735	17.293
Payments	(12.317)	(17.293)
Provision at 31 December	51.735	12.317

a) Guarantees given

The details of the guarantees given as of 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
Export loans	89.520.166	40.648.363
Foreing loans for investments	135.077.160	82.872.680
Other organizations	1.341.130	778.321
	225.938.456	124.299.364

As of 31 December 2021, rate of other GPM's given by Group to owner's equity is 0% (31 December 2020: 0%).

31 December 2021	TRY Equivalent	GBP	EUR	USD	TRY
A. Total amount of GPM given on behalf of the Entity	225.938.456	3.521.000	11.111.700	-	1.341.130
B. Total amount of GPM given on behalf of the shareholders included in consolidation	-	-	-	-	-
C. Total amount of GPM that the Company has given to provide the liabilities of 3rd parties to perform ordinal activities	-	-	-	-	-
D. Total amount of other GPM given					
i. Total amount of GPM given on behalf of parent company	-	-	-	-	-
ii. Total amount of GPM that the Company has given in behalf of Other Group Companies not included in B and C items	-	-	-	-	-
iii. Total Amount of GPM that the Company has given in behalf of third parties not included in C item	-	-	-	-	-
Total	225.938.456	3.521.000	11.111.700	-	1.341.130

(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)

11. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (cont'd)

a) Guarantees given (cont'd)

31 December 2020	TRY Equivalent	GBP	EUR	USD	TRY
A. Total amount of GPM given on behalf of the Entity	124.299.364	3.521.000	9.825.700	-	778.321
B. Total amount of GPM given on behalf of the shareholders included in consolidation	-	-	-	-	-
C. Total amount of GPM that the Company has given to provide the liabilities of 3rd parties to perform ordinal activities	-	-	-	-	-
D. Total amount of other GPM given					
i. Total amount of GPM given on behalf of parent company	-	-	-	-	-
ii. Total amount of GPM that the Company has given in behalf of Other Group Companies not included in B and C items	-	-	-	-	-
iii. Total Amount of GPM that the Company has given in behalf of third parties not included in C item	-	-	-	-	-
Total	124.299.364	3.521.000	9.825.700	-	778.321

As of December 31, 2021, the total amount of guarantees given for the total open bank borrowings is TRY 225.938.456 TRY, 90.861.296 consists of letters of guarantee and the remaining TRY 135.077.160 consists of pledges provided by the Group to European Bank for Reconstruction and Development (EBRD) and Sudwestbank A.G. (31 December 2020: TRY 41.426.684 letter of guarantee, TRY 82.872.680 personal surety).

Besides, as of 31 December 2021 there exist bail in amount of EUR 4.500.000 given to EBRD by the Group.

b) Litigations

As of 31 December 2021, there are 11 reemployment and compensation lawsuits filed against the Company and as of reporting date they are still continuing. According to the professional judgements of the legal counsellers, the Group is not expecting any cash outflow as of reporting date and thus no provisions have been booked in the accompanying consolidated financial statements.

In previous years, the zoning implementation, which was the subject of the lawsuit of the zoning case filed by the Group against to Arnavutköy Belediyesi was canceled and there is no matter of the lawsuit left on the date of the report. The defendant has appealed, and the appeal was refused by the council of state.

(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)

12. EMPLOYEE BENEFITS

Short-term payables for employee benefits:

	31 December 2021	31 December 2020
Payables to personnel	2.358.576	1.445.637
Social security contribution payable	1.010.051	660.089
	3.368.627	2.105.726

Short-term provisions for employee benefits:

	31 December 2021	31 December 2020
Unused vacation accruals	1.130.432	565.486
Bonus provisions	5.750.000	1.024.493
	6.880.432	1.589.979

The movement table of unused vacation accruals	31 December 2021	31 December 2020
Provision at 1 January	565.486	645.279
Change for the period	564.946	(79.793)
Provision at 31 December	1.130.432	565.486

(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)

12. EMPLOYEE BENEFITS (cont'd)

Long term provisions for employee benefits

Provision for retirement pay liability:

Under Turkish Labour Law, the Company is 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 and reaches the retirement age (58 for women and 60 for men).

The amount payable to the employee consists of one-month worth salary limited to a maximum of TRY 8.284,21 for each year of service on 31 December 2021 (31 December 2020: TRY 7.638,96).

Retirement pay liability is not subject to any kind of funding legally. Provision for retirement pay liability is calculated by estimating the present value of probable liability amount arising due to retirement of employees. TAS 19 Employee Benefits stipulates the development of company's liabilities by using actuarial valuation methods under defined benefit plans. In this direction, actuarial assumptions used in calculation of total liabilities are described as follows:

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as of 31 December 2021, the provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated with the assumption of 3,92% real discount rate (31 December 2020: 3,74%) calculated by using 17,4% annual inflation rate and 22% interest rate. Ceiling for retirement pay is revised semi-annually.

The movement table of retirement payment benefits is as follows:

	1 January- 31 December 2021	1 January- 31 December 2020
Provision at 1 January	8.225.143	8.232.889
Service cost	1.749.430	1.501.261
Interest cost	1.809.531	1.119.673
Retirement payment provision paid	(2.336.707)	(1.074.797)
Actuarial (gain) / losses	(678.039)	(1.553.883)
Provision at 31 December	8.769.358	8.225.143

(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)

13. OTHER ASSETS AND LIABILITIES

a-) Other Current Assets

	31 December 2021	31 December 2020
VAT refund receivables	16.500.710	2.606.811
	16.500.710	2.606.811

b-) Other Current Liabilities

	31 December 2021	31 December 2020
Taxes and funds payable	1.958.743	2.271.050
	1.958.743	2.271.050

c-) Financial Investments

	31 December 2021	31 December 2020
Restricted bank balances (*)	-	278.426
	-	278.426

(*) Because of the nature of the loans borrowed, 3,75% - 4,50% of the loan amount is blocked in a deposit account on behalf of the entity till the due date of the loans.

14. SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS

a) Share Capital

As of 31 December 2021, and 2020 the share capital held is as follows:

Shareholders	%	31 December 2021	%	31 December 2020
LGR Internatıonal Societe Anonyme	30,00%	10.500.001	30,00%	10.500.001
Dikran Mihran Acemyan	9,76%	3.415.238	9,76%	3.415.238
Oktay Duran	8,30%	2.906.068	8,30%	2.906.068
İbrahim Okan Duran	7,95%	2.783.352	7,95%	2.783.352
Dikran Acemyan	7,85%	2.748.276	7,33%	2.564.876
Other	36,14%	12.647.065	36,66%	12.830.465
	100%	35.000.000	100%	35.000.000

The total number of ordinary shares authorized is 3.500.000.000 shares in 2021 (2020: 3.500.000.000) with a par value of Kr 1 per share (2020: Kr 1 per share).

(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)

14. SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS (cont'd)

	31 December 2021	31 December 2020
Legal Reserves	1.369.501	1.369.501
	1.369.501	1.369.501

b) Restricted Reserves Appropriated from Profit

The Turkish Commercial Code stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Company's paid-in/authorised 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 paid-in/authorised share capital. Under the TCC, the legal reserves can only be used to offset losses and are not available for any other usage unless they exceed 50% of paid-in/authorised share capital.

15. REVENUE AND COST OF SALES

The details of revenue and cost of sales expenses for the years ended 31 December 2021 and 2020 are as follow:

a) Sales	1 January-31 December 2021	1 January-31 December 2020
Domestic sales	203.382.743	134.083.650
Foreign sales	328.580.373	165.889.477
Sales returns (-)	(2.851.287)	(2.260.487)
Sales discounts (-)	(413.240)	(743.199)
	528.698.589	296.969.441

b) Cost of sales	1 January-31 December 2021	1 January-31 December 2020
Raw materials used	267.349.897	155.827.625
Personnel expenses	34.268.312	24.951.231
Overhead expenses	31.262.967	21.303.807
Depreciation and amortization expenses (Note 8, 9)	17.239.853	14.484.436
Change in finished goods and semi-finished goods	(16.159.060)	(2.483.863)
Cost of goods sold	333.961.969	214.083.236
Cost of other sales	4.891.794	2.728.037
Cost of merchandises sold	1.467.256	918.808
Idle capacity expenses	901	901
	340.321.920	217.730.982

(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)

16. ADMINISTRATIVE EXPENSES AND MARKETING EXPENSES

	1 January-31 December 2021	1 January-31 December 2020
Marketing expenses	79.589.787	27.634.820
General administrative expenses	36.608.252	21.236.841
	116.198.039	48.871.661

The details of administrative expenses and marketing expenses for the years ended 31 December 2021 and 2020 are as follow:

a) Details of General Administrative Expenses	1 January-31 December 2021	1 January-31 December 2020
Personnel expenses	24.475.215	14.053.424
Consulting expenses	2.891.540	1.485.713
Financial and legal consulting expenses	1.747.733	1.189.239
Depreciation and amortization expenses (Note 9, 10)	1.628.328	1.400.065
Information technologies expenses	1.457.030	1.048.828
Indirect tax expenses	719.503	220.403
Insurance and maintenance expenses	695.368	107.774
Motor vehicle expenses	354.379	114.536
Energy expenses	178.417	123.680
Stationery and consumable expenses	150.713	271.139
Representation hospitality expenses	150.409	78.655
Subscription expenses	146.568	153.660
subcontractor service expenses	138.788	170.761
Travelling expenses	74.684	71.852
Communication and transportation expenses	73.850	82.947
Legal and notary expenses	23.954	31.100
Training expenses	11.875	11.875
Other expenses	1.689.898	621.190
	36.608.252	21.236.841

b) Details of marketing expenses	1 January-31 December 2021	1 January-31 December 2020
Foreign transportation expenses	61.697.263	13.957.598
Foreign marketing and logistics expenses	7.420.533	5.505.634
Personnel expenses	3.386.561	2.435.652
Domestic transportation expenses	2.925.919	2.429.856
Export commission expenses	1.990.039	1.422.926
Depreciation and amortization expenses (Note 9, 10)	289.804	271.312
Royalty expenses	240.585	108.018
Communication and transportation expenses	226.920	219.936
Representation hospitality and fair expenses	144.106	162.857
Travelling expenses	49.475	68.165
Motor vehicle expenses	41.727	61.842
Other expenses	1.176.855	991.024
	79.589.787	27.634.820

(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)

17. EXPENSES BY NATURE

The details of expenses by nature for the years ended 31 December 2021 and 2020 are as follow:

	1 January-31 December 2021	1 January-31 December 2020
Personnel expenses	61.669.446	41.440.307
Foreign transportation expenses	61.697.263	13.957.598
Depreciation and amortization expenses (9-10)	19.277.390	16.155.813
Foreign marketing and logistics expenses	7.420.533	5.505.634
Domestic transportation expenses	3.386.561	2.429.856
Commission expenses	2.891.540	1.485.713
Export commission expenses	1.990.039	1.422.926
Financial and legal consulting expenses	1.628.328	1.189.239
Information technologies expenses	1.457.030	1.048.828
Motor vehicle expenses	737.095	176.378
Stationery and consumable expenses	719.503	271.139
Communication and transportation expenses	379.373	302.883
Stamp duty expenses	354.379	220.403
Representation hospitality and fair expenses	301.604	241.512
Subscription expenses	178.417	153.660
Subcontractor service expenses	150.713	170.761
Energy expenses	150.409	123.680
Insurance and maintenance expenses	146.568	107.774
Royalty expenses	144.106	108.018
Travelling expenses	123.325	140.017
Legal and notary expenses	23.954	31.100
Other expenses	2.878.628	1.624.089
	167.706.204	88.307.328

(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)

18. OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES

The details of other income from operating activities for the years ended 31 December 2021 and 2020 are as follows:

	1 January- 31 December 2021	1 January- 31 December 2020
Foreign exchange gains from operations	116.690.922	32.200.277
Interest income from time deposits	559.020	418.593
Other income	3.653.471	1.616.384
	120.903.413	34.235.254

The details of other expense from operating activities for the years ended 31 December 2021 and 2020 are as follows:

Other Expense from Operating Activities	1 January- 31 December 2021	1 January- 31 December 2020
Foreign exchange losses from operations	64.753.984	16.211.905
Other expenses	307.389	98.895
	65.061.373	16.310.800

19. INCOME AND EXPENSES FROM INVESTMENTS ACTIVITIES

The details of income from investments activities for the years ended 31 December 2021 and 2020 are as follow:

Income from Investing Activities	1 January- 31 December 2021	1 January- 31 December 2020
Gain on disposal of property, plant and equipment	-	255.780
	-	255.780

(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)

20. FINANCIAL INCOME / (EXPENSES)

The details of financial income and expenses for the years ended 31 December 2021 and 2020 are as follow:

Financial income / (expenses), net

	1 January-31 December 2021	1 January-31 December 2020
Foreign exchange expenses / (income), (net)	97.084.812	47.450.035
Interest expenses	18.249.161	10.747.981
Lease interest expenses	3.459.466	2.653.075
Other finance expenses	974.381	802.879
	119.767.820	61.653.970

21. OTHER COMPREHENSIVE INCOME ELEMENTS

	31 December 2021	31 December 2020
Properties revaluation reserves	61.206.059	61.509.912
Accumulated loss on remeasurement of benefit plans	(1.371.724)	(1.914.155)
Foreign currency translation reserve	(9.674.631)	(2.898.018)
	50.159.704	56.697.739

Properties revaluation reserves	1 January-31 December 2021	1 January-31 December 2020
Balance at the beginning of the year	61.509.912	44.410.998
Increase arising on revaluation of properties	-	20.299.703
Deferred tax liability arising on revaluation	-	(3.200.789)
Transferred to retained earnings	(303.853)	-
Balance at the end of the year	61.206.059	61.509.912

Accumulated loss on remeasurement of benefit plans	1 January-31 December 2021	1 January-31 December 2020
Balance at the beginning of the year	(1.914.155)	(3.157.263)
Change in current period	678.039	1.553.883
Deferred tax asset	(135.608)	(310.775)
Balance at the end of the year	(1.371.724)	(1.914.155)

(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)

22. INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)

	31 December 2021	31 December 2020
Current tax liability		
Current corporate tax provision	5.744.194	22.550
Less: prepaid taxes and funds	-	-
	5.744.194	22.550

Tax expense in the statement of profit and loss

Tax expense consists of below:	1 January- 31 December 2021	1 January- 31 December 2020
Current tax expense	11.184.851	38.490
Deferred tax expense / (income)	(4.255.755)	(2.113.871)
	6.929.096	(2.075.381)

Corporate Tax

The Group is subject to Turkish corporate taxes. Provision is made in the accompanying financial statements for the estimated charge based on the Group's results for the years and periods. 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.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and investment incentives utilized.

The effective tax rate in 31 December 2021 is 25 % (31 December 2020: 22 %) for the Group.

The effective tax rate in UK in 2021 is 19 % (2020: 19 %).

In Turkey, advance tax returns are filed on a quarterly basis. corporate income tax rate applied in 2021 is 25 %. (31 December 2020: 22 %).

In addition, the same Corporate Tax Law No. 5520 of Article 5 first paragraph section e states "The profits, from the sale of the immovables in the assets of the institutions for at least two full years, tax exempted portion is changed from 75 % to 50%".

There is no procedure for a final and definitive agreement on tax assessment in Turkey. Losses can be carried forward for offset against future taxable income for up to 5 years. However, losses cannot be carried back for offset against profits from previous periods.

(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)

22. INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (cont'd)

Furthermore, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1-25 April following the close of the accounting year to which they relate. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within 5 years.

Income Withholding Tax

In addition to corporate taxes, companies should also calculate income withholding taxes and funds surcharge on any dividends distributed, except for companies receiving dividends who are Turkish residents and Turkish branches of foreign companies. Income withholding tax applied in between 24 April 2003 – 22 July 2006 is 10% and commencing from 22 July 2006, this rate has been changed to 15% upon the Council of Minister's' Resolution No: 2006/10731. Undistributed dividends incorporated in share capital are not subject to income withholding tax.

Withholding tax at the rate of 19,8% is still applied to investment allowances relating to investment incentive certificates obtained prior to 24 April 2003. Subsequent to this date, the investments without investment incentive certificates do not qualify for tax allowance.

Deferred Tax

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for TFRS purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for TFRS and tax purposes and they are given below.

Since the Turkish Tax Legislation does not permit a parent company and its subsidiaries to prepare a consolidated tax return, the tax provisions have been calculated on a separate-entity basis, as reflected in the accompanying consolidated financial statements. In this context, deferred tax assets and liabilities of the consolidated entities are presented separately in the accompanying consolidated financial statements.

In the consolidated financial statements as of December 31, 2021, deferred tax assets and liabilities are calculated with the tax rate of 23%.

Temporary timing differences taken as a basis for deferred tax	31 December 2021	31 December 2020
- Depreciation and amortization differences of property, plant and equipment and intangible assets, foreign exchange and interest expenses and revaluation differences	(80.767.020)	(72.692.742)
- Inventory profit margin elimination adjustment	33.120.466	11.554.584
- Provision for employement termination benefits	8.769.358	8.218.214
- Unused vacation pay accruals	1.130.432	565.486
- Provision for impairment of inventories	851.408	1.161.027
-Financial loss for the period	2.605.401	-
- Other	6.766.058	1.475.697
	(27.523.897)	(41.749.721)

(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)

22. INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (cont'd)

Deferred tax assets / (liabilities)	31 December 2021	31 December 2020
- Depreciation and amortization differences of property, plant and equipment and intangible assets, foreign exchange and interest expenses and revaluation differences	(10.843.215)	(9.228.359)
- Inventory profit margin elimination adjustment	7.617.707	2.310.917
- Provision for employement termination benefits	1.753.872	1.646.414
- Unused vacation pay accruals	259.999	113.097
- Provision for impairment of inventories	195.824	232.205
-Financial loss for the period	-	1.593.603
- Other	1.730.827	295.139
	1.314.256	(3.036.984)

Movement of deferred tax assets	1 January-31 December 2021	1 January-31 December 2020
Openning balance at 1 January	(3.036.984)	(1.780.875)
Charged to statement of profit and loss	4.255.755	2.113.871
Charged to profit/loss of previous year	231.093	141.587
Charged to equity	(135.608)	(3.511.567)
Closing balance as at 31 December	1.314.256	(3.036.984)

	31 December 2021	31 December 2020
Deferred tax asset	8.123.999	2.409.992
Deferred tax liability	(6.809.743)	(5.446.976)
	1.314.256	(3.036.984)

(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)

22. INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (cont'd)

Reconciliation of taxation:	1 January-31 December 2021	1 January-31 December 2020
Operating profit / (loss) before tax	8.252.850	(13.106.938)
Income tax rate %22 (2018: %22)	(2.063.213)	2.883.526
Tax effect:		
- disallowable expenses	(4.188.349)	(295.415)
- accumulated loss used in current period	1.992.003	(58.892)
- tax effect related to prior period's investment allowance withholding	(2.163.257)	-
- other adjustment effects	(506.280)	(453.838)
Tax provision expense in the statement of profit or loss	(6.929.096)	2.075.381

Deferred tax recognized directly in equity

Deferred tax	1 January-31 December 2021	1 January-31 December 2020
Recognized directly in equity:		
-Properties revaluation reserves	-	(3.200.790)
-Actuarial gain	(135.608)	(310.777)
Total deferred tax expense recognized directly in equity	(135.608)	(3.511.567)

Tax effects related to components of Other Comprehensive Income:

	31 December 2021	31 December 2020
Properties revaluation reserves	61.206.059	61.509.912
Accumulated loss on remeasurement of benefit plans	(1.371.724)	(1.914.155)
Foreign currency translation reserve	(9.674.631)	(2.898.018)
	50.159.704	56.697.739

	1 January - 31 December 2021		
	Before Tax Amount	Tax Expense / Income	Net of Tax Amount
Gains on revaluation of property, plant and equipment	-	-	-
Actuarial loss on post employee benefit obligations	678.039	(135.608)	542.431
Other comprehensive income in the period	678.039	(135.608)	542.431

	1 January - 31 December 2020		
	Before Tax Amount	Tax Expense / Income	Net of Tax Amount
Gains on revaluation of property, plant and equipment	20.299.703	(3.200.790)	17.098.913
Actuarial loss on post employee benefit obligations	1.553.883	(310.777)	1.243.106
Other comprehensive income in the period	21.853.586	(3.511.567)	18.342.019

(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)

23. EARNINGS /(LOSS) PER SHARE

As of 31 December 2021, and 2020, the Group's weighted average number of shares and computation of earnings per share set out here are as follows:

	1 January- 31 December 2021	1 January- 31 December 2020
Average number of shares outstanding during the period	3.500.000.000	3.500.000.000
Net profit / (loss) for the period attributable to owners	1.324.358	(11.031.557)
Profit / (Loss) per share	0,0004	(0,0032)

24. FINANCIAL LIABILITIES

a) Bank Loans

Financial liabilities	31 December 2021	31 December 2020
Short term bank loans	62.469.212	52.261.150
Short term portion of long term loans	92.661.770	34.173.268
Short term lease liabilities	37.030.913	23.172.785
Other financial liabilities	945.104	949.950
Total short term financial liabilities	193.106.999	110.557.153
Long term bank loans	66.030.736	63.508.874
Long term lease liabilities	45.667.493	47.084.663
Total long term financial liabilities	111.698.229	110.593.537
Total financial liabilities	304.805.228	221.150.690

a) Bank Loans

	Weighted average effective	31 December 2021	
Currency	Interest Rate	Short Term	Long Term
TRY	17,24% - 27,24%	78.641.479	15.796.197
EUR	0,72% - 6,67%	47.736.220	40.388.163
GBP	3,96% - 5,44%	28.641.810	1.126.448
USD	1,27%	111.473	8.719.928
Bank Loans		155.130.982	66.030.736

(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)

24. FINANCIAL LIABILITIES (cont'd)

a) Bank Loans (cont'd)

Currency	Weighted average effective Interest Rate	31 December 2020 Short Term	Long Term
TRY	11,17%	52.955.565	6.845.276
EUR	2,34% - 3,25%	19.363.021	36.165.070
GBP	1,27% - 4,85%	14.054.883	15.704.629
USD	1,25%	60.949	4.793.899
Bank Loans		86.434.418	63.508.874

Maturities of bank loans are as follow:

	31 December 2021	31 December 2020
Within 1 year	155.130.982	86.434.418
Within 1 - 2 years	39.262.710	35.190.794
Within 2 - 3 years	18.504.477	12.863.859
Within 3 - 4 years	103.742	10.838.773
Within 4 - 5 years	102.439	57.943
More than 5 years	8.057.368	4.557.505
Bank loans	221.161.718	149.943.292

As of 31 December 2021, the amount of Guarantees given related to open bank loans is TRY 225.938.456 TRY, 90.861.296 TRY of the total amount consist of guarantee letters and rest of the remaining amount of TRY 135.077.160 consists of shareholders' pledges given (31 December 2020: TRY 41.426.684 letter of guarantee, TRY 82.872.680 pledges given).

b) Lease Liabilities

	Minimum Lease Payments		Present Value of Minimum Lease Payments	
Lease liabilities	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Within one year	41.099.221	28.175.956	37.030.913	23.172.785
In 2-10 years	48.305.390	55.549.894	45.667.493	47.084.663
	89.404.611	83.725.850	82.698.406	70.257.448
Less: Future finance charges	(6.706.205)	(13.468.402)		
Present value of lease liabilities	82.698.406	70.257.448		
Less: Amounts due to settlement within twelve months (disclosed in current liabilities)	(37.030.913)	(23.172.785)		
Amounts due for settlement after 12 months	45.667.493	47.084.663		

(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)

24. FINANCIAL LIABILITIES (cont'd)

b) Lease Liabilities (cont'd)

Currency	Weighted average effective Interest Rate	31 December 2021 Short Term	31 December 2021 Long Term
USD	%6,50	17.897.523	18.279.402
EUR	%6,80	15.298.743	23.911.534
TRY	%18,20	3.834.647	3.476.557
Lease Liabilities		37.030.913	45.667.493

Currency	Weighted average effective Interest Rate	31 December 2020 Short Term	31 December 2020 Long Term
USD	%6,50	9.866.397	18.723.988
EUR	%6,80	10.315.258	22.329.767
TRY	%22,50	2.991.130	6.030.908
Lease Liabilities		23.172.785	47.084.663

c) Other Financial Liabilities

Other financial liabilities	31 December 2021	31 December 2020
Credit card payables (*)	945.104	949.950
	945.104	949.950

(*) Represents the credit card liabilities of Group to suppliers to purchase raw material and consumables.

d) Reconciliation of liabilities from financial activities

The cash and non-cash changes related to the Group's financing activities are presented in the table below. The liabilities arising from financing activities are the cash flows that are classified or will be classified into cash flows from financing activities in the Group's consolidated cash flow statement.

				Non-monetary changes			
	1 January 2021	Cash flows from financing activities	Interest accruals	Movements of exhange rate differences	TFRS 16 transition effect	Disposals	31 December 2021
Bank Loans	149.943.292	24.037.432	888.822	46.292.172	-	-	221.161.718
Lease Liabilities	70.257.448	(25.223.612)	1.240.512	34.777.769	1.646.289	-	82.698.406
	220.200.740	(1.186.180)	2.129.334	81.069.941	1.646.289	-	303.860.124

(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)

24. FINANCIAL LIABILITIES (cont'd)

				Non-monetary changes			
	1 January 2020	Cash flows from financing activities	Interest accruals	Movements of exhange rate differences	Additions to Leasings	Disposals	31 December 2020
Bank Loans	97.135.688	20.735.370	2.881.457	29.190.777	-		149.943.292
Lease Liabilities	43.635.065	3.191.105	1.390.141	15.774.373	6.418.364	(151.600)	70.257.448
	140.770.753	23.926.475	4.271.598	44.965.150	6.418.364	(151.600)	220.200.740

25. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

a) Capital Risk Management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of debt, which includes the borrowings disclosed in Note 24, cash and cash equivalents disclosed in Note 27 and equity attributable to equity holders of the parent disclosed in Note 14, comprising share capital, reserves and accumulated losses.

The Group follows the capital by using debt/total capital ratio. This ratio is calculated by dividing net debt to total capital. Net debt is calculated by subtraction of cash and cash equivalents from liabilities amount (includes financial liabilities and obligations as indicated in balance sheet). Total capital is calculated as sum of shareholder's equity and net liabilities. As of 31 December 2021, and 2020 net debt/total capital ratio is presented below:

	31 December 2021	31 December 2020
Total borrowings	303.860.124	220.200.740
Less (-): Cash and cash equivalents	(14.941.401)	(47.808.660)
Net Liability	288.918.723	172.392.080
Total shareholders equity	71.850.903	76.760.727
Total Capital	360.769.626	249.152.807
Net liability / total capital ratio	80,08%	69,19%

b) Financial Risk Factors

The Group's activities expose it to a variety of financial risks including interest rate risk, liquidity risk, currency risk and credit risk. The Group management and the Board of Directors analyses and approve the policies about the management of the risks described below. Besides, the Group also considers the market value risk of all financial instruments.

(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)

25. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

b) Financial Risk Factors

The Group's activities expose it to a variety of financial risks including interest rate risk, liquidity risk, currency risk and credit risk. The Group management and the Board of Directors analyses and approve the policies about the management of the risks described below. Besides, the Group also considers the market value risk of all financial instruments.

b.1) Credit Risk Management

	Receivables				
	Trade Receivables		Other Receivables		
31 December 2021	**Related Parties**	**Third Parties**	**Related Parties**	**Third Parties**	**Bank Deposits**
Maximum credit risk as of balance sheet date (*)	-	149.666.901	-	682.580	15.029.243
- The part of maximum risk under guarantee with colleteral, etc.	-	13.728.020	-	-	-
A. Carrying value of financial assets that are neither past due nor impaired	-	141.494.505	-	682.580	15.029.243
- the part under guarantee with collateral, etc.	-	13.367.181	-	-	-
B. Carrying value of financial assets that are renegotiated, if not that will be accepted as part due nor impaired.	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	-	8.172.396	-	-	-
- the part under guarantee with collateral, etc.	-	360.839	-	-	-
D. Carried value of impaired assets	-	-	-	-	-
- Past due (gross carrying amount)	-	838.259	-	-	-
- Impairment	-	(838.259)	-	-	-
- The part of net value under guarantee with colleteral etc.	-	-	-	-	-
- Not pass due (gross carrying amount)	-	-	-	-	-
E. Offbalance sheet items with credit risk	-	-	-	-	-

(*) The factors that increase the credit reliability, such as guarantees received are not considered in the determination of the balance

(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)

25. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

b.1) Credit Risk Management (cont'd)

	Receivables				
	Trade Receivables		Other Receivables		
31 December 2020	**Related Parties**	**Third Parties**	**Related Parties**	**Third Parties**	**Bank Deposits**
Maximum credit risk as of balance sheet date (*)	-	70.433.002	-	412.949	47.822.302
- The part of maximum risk under guarantee with colleteral, etc.	-	7.009.602	-	-	-
A. Carrying value of financial assets that are neither past due nor impaired	-	61.915.668	-	412.949	47.822.302
- the part under guarantee with collateral, etc.	-	6.042.447			
B. Carrying value of financial assets that are renegotiated, if not that will be accepted as part due nor impaired.	-	-	-	-	-
C. Carrying value of financial assets that are past due but not impaired	-	8.517.334	-	-	-
- the part under guarantee with collateral, etc.	-	967.155	-	-	-
D. Carried value of impaired assets					
- Past due (gross carrying amount)	-	629.971	-	-	-
- Impairment	-	(629.971)	-	-	-
- The part of net value under guarantee with colleteral etc.	-	-	-	-	-
- Not pass due (gross carrying amount)	-	-	-	-	-
E. Offbalance sheet items with credit risk	-	-	-	-	-

(*) The factors that increase the credit reliability, such as guarantees received are not considered in the determination of the balance.

(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)

25. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

b.1) Credit Risk Management (cont'd)

Trade Receivables	31 December 2021	31 December 2020
Overdue 1- 30 days	6.030.802	5.643.631
Overdue 1- 3 months	401.596	1.195.849
Overdue 3- 12 months	901.739	1.047.883
Overdue more than 1 year	838.259	629.971
Total overdue receivables	8.172.396	8.517.334

b.2) Liquidity risk management

Essential responsibility on liquidity risk management belongs to board of directors. Board of directors has created a liquidity risk management for the purposes of short-, medium- and long-term funding and liquidity requirements of Group. Group manages the liquidity risk to follow estimated and actual cash flows and to provide continuance to funding to compensate the maturities of financial assets and liabilities. The credits that the Group will use in order to reduce liquidity risk as of balance sheet are disclosed in Note 24.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities and its derivative financial instruments. The tables below have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)

25. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

b.2) Liquidity risk management (cont'd)

31 December 2021 Maturities per contract	Carrying amount	Total cash outflow in accordance with contracts (I+II+III+IV)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)
Non-derivative financial liabilities						
Bank loans	221.161.718	232.318.987	61.816.984	96.933.623	64.665.154	8.903.226
Lease liabilities	82.698.406	89.404.611	7.697.958	30.199.589	51.507.064	-
Other financial liabilities	945.104	945.104	945.104	-	-	-
Trade payables	98.314.062	98.803.809	95.657.654	3.146.155	-	-
Other payables	30.706.985	30.706.985	28.928	-	30.678.057	-
Total liabilities	433.826.275	452.179.496	166.146.628	130.279.367	146.850.275	8.903.226

31 December 2020 Maturities per contract	Carrying amount	Total cash outflow in accordance with contracts (I+II+III+IV)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)	More than 5 years (IV)
Non-derivative financial liabilities						
Bank loans	149.943.292	160.645.448	16.106.761	73.307.701	66.133.545	5.097.441
Lease liabilities	70.257.448	83.725.850	6.331.800	21.844.156	55.549.894	-
Other financial liabilities	949.950	949.950	949.950	-	-	-
Trade payables	37.209.053	37.390.754	36.200.141	1.190.613	-	-
Other payables	18.261.936	18.261.936	16.434	-	18.245.502	-
Total liabilities	276.621.679	300.973.938	59.605.086	96.342.470	139.928.941	5.097.441

The Group expects the maturities to be the same with the maturities in the agreement.

25. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

b.3) Market Risk Management

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

Market risk exposures are supplemented by sensitivity analysis.

In current period the group's method of handling market risks and measure the risk level has not been changed.

b.3.1) Foreign currency risk management

Transactions denominated in foreign currencies result in foreign currency risk. Foreign currency risk is managed within approved policy parameters utilizing forward foreign exchange contracts.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting period are as follows:

(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)

25. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

b.3.1) Foreign currency risk management (cont'd)

31 December 2021	**TRY Equivalent**	**USD**	**EUR**	**GBP**	**CHF**	**Other**
1. Trade Receivables	175.017.081	967.515	1.260.041	7.920.850	-	-
2a. Monetary Financial Assets	7.151.541	3.587	247.176	186.185	360	
2b. Non-monetary Financial Assets	-	-	-	-	-	-
3. Other	1.973.039	14.253	91.360	15.560	8.250	-
4. CURRENT ASSETS	184.141.661	985.355	1.598.577	8.122.595	8.610	
5. Non-monetary Financial Assets	-	-	-	-	-	-
6. Other	475.100	35.580	-	-	-	-
7. NON-CURRENT ASSETS	475.100	35.580	-	-	-	-
8. TOTAL ASSETS	184.616.761	1.020.935	1.598.577	8.122.595	8.610	-
9. Trade Payables	63.344.065	952.622	3.178.787	136.151	8.250	-
10. Financial Liabilities	107.135.703	1.250.195	4.088.954	1.585.890	-	-
11. CURRENT LIABILITIES	170.479.768	2.202.817	7.267.741	1.722.041	8.250	-
12. Financial Liabilities	123.852.419	2.093.929	6.270.105	62.371	-	-
13. Monetary Other Liabilities	-	-	-	-	-	-
14. NON-CURRENT LIABILITIES	123.852.419	2.093.929	6.270.105	62.371	-	-
15. TOTAL LIABILITIES	294.332.187	4.296.746	13.537.846	1.784.412	8.250	-
16. TOTAL LIABILITIES	294.332.187	4.296.746	13.537.846	1.784.412	8.250	-
17. Net Foreign Currency Assets/ (Liabilities) Position (8-15)	(109.715.426)	(3.275.811)	(11.939.269)	6.338.183	360	-
18. Monetary Items Net Foreign Currency Assets / Liabilities pozisyonu (1+2a+3+6-11-14)	(109.715.426)	(3.275.811)	(11.939.269)	6.338.183	360	-

(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)

25. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

b.3.1) Foreign currency risk management (cont'd)

31 December 2020	TRY Equivalent	USD	EUR	GBP	CHF	Other
1. Trade Receivables	26.343.409	206.696	1.801.817	864.415	-	-
2a. Monetary Financial Assets	46.642.619	170.997	1.793.372	2.938.525	360	5.676
2b. Non-monetary Financial Assets	3.905.204	-	433.531	-	-	-
3. Other	1.394.373	7.931	99.743	41.407	3.131	-
4. CURRENT ASSETS	78.285.605	385.624	4.128.463	3.844.347	3.491	5.676
5. Non-monetary Financial Assets	-	-	-	-	-	-
6. Other	261.175	35.580	-	-	-	-
7. NON-CURRENT ASSETS	261.175	35.580	-	-	-	-
8. TOTAL ASSETS	78.546.780	421.204	4.128.463	3.844.347	3.491	5.676
9. Trade Payables	13.041.757	31.742	1.230.522	167.230	212	34.520
10. Financial Liabilities	70.161.666	1.220.440	5.234.088	1.413.432	-	-
11. CURRENT LIABILITIES	83.203.423	1.252.182	6.464.610	1.580.662	212	34.520
12. Financial Liabilities	99.430.073	3.335.821	6.576.322	1.579.339	-	-
13. Monetary Other Liabilities	-	-	-	-	-	-
14. NON-CURRENT LIABILITIES	99.430.073	3.335.821	6.576.322	1.579.339	-	-
15. TOTAL LIABILITIES	182.633.496	4.588.003	13.040.932	3.160.001	212	34.520
16. TOTAL LIABILITIES	182.633.496	4.588.003	13.040.932	3.160.001	212	34.520
17. Net Foreign Currency Assets/ (Liabilities) Position (8-15)	(104.086.716)	(4.166.799)	(8.912.469)	684.346	3.279	(28.844)
18. Monetary Items Net Foreign Currency Assets / Liabilities pozisyonu (1+2a+3+6-11-14)	(107.991.920)	(4.166.799)	(9.346.000)	684.346	3.279	(28.844)

25. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

b.3.1) Foreign currency risk management (cont'd)

Foreign currency sensitivity analysis

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to US Dollar, EUR and GBP.

The following table details the Group's sensitivity to a 10% increase and decrease in US Dollar EURO and British Pounds against TRY. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit or equity.

	31 December 2021		**31 December 2020**	
	Profit/(Loss)		**Profit/(Loss)**	
	Revaluation of foreign currency	Devaluation of foreign currency	Revaluation of foreign currency	Devaluation of foreign currency
	If US Dollar appreciated against TL by 10%			
1 - US Dollars net assets / liabilities	(4.374.190)	4.374.190	(3.058.639)	3.058.639
2- Part of hedged from US Dollar risk (-)	-	-	-	-
3- USD net effect (1+2)	(4.374.190)	4.374.190	(3.058.639)	3.058.639
	If Eur appreciated against TL by 10%			
4 - Euro net assets / liabilities	(18.044.892)	18.044.892	(8.418.783)	8.418.783
5 - Part of hedged from Euro risk (-)	-	-	-	-
6- Euro net effect (4+5)	(18.044.892)	18.044.892	(8.418.783)	8.418.783
	If GBP appreciated against TL by 10%			
7- GBP net assets / liabilities	11.447.012	(11.447.012)	680.500	(680.500)
8- Part of hedged from GBP risk (-)	-	-	-	-
9- GBP net effect (7+8)	11.447.012	(11.447.012)	680.500	(680.500)
	If CHF appreciated against TL by 10%			
10- Swiss frank net assets/liabilities	528	(528)	2.716	(2.716)
11- Part of hedged from Swiss frank (-)	-	-	-	-
12- Swiss Frank net effect (10+11)	528	(528)	2.716	(2.716)
	If Polish Zloty appreciated against TL by 10%			
13- Polish Zloty net assets/liabilities	-	-	(4.987)	4.987
14- Part of hedged from Polish Zloty (-)	-	-	-	-
15- Polish Zloty net effect (13+14)	-	-	(4.987)	4.987
Total (3+6+9+12+15)	(10.971.542)	10.971.542	(10.799.193)	10.799.193

(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)

25. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

b.3.2) Interest Rate Risk Management

The Group is exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings. Strategies are assessed regularly in accordance with interest rate expectations and defined risk levels.

Interest rate sensitivity analysis

Interest Position Table

	31 December 2021	31 December 2020
Fixed Interest Rate Instruments		
Financial Liabilities	303.860.124	220.200.740
Variable Rate Instruments		
Other Payables to Related Parties	30.678.057	18.245.502

The Group has no liability for variable interest rate finance.

Categories of financial instruments and fair values

31 December 2021	Loans and receivables (Including Cash and Cash equivalent)	Financial assets and liabilities valued at amortized cost	Carrying Amount
Financial Assets			
Cash and cash equivalents	14.941.401	-	14.941.401
Trade receivables	149.666.901	-	149.666.901
Other receivables	682.580	-	682.580
Other current assets	0	-	0
Finansal yükümlülükler			
Borrowings	-	304.805.228	304.805.228
Trade payables	-	98.314.062	98.314.062
Other payables	-	30.706.985	30.706.985

31 December 2020	Loans and receivables (Including Cash and Cash equivalent)	Financial assets and liabilities valued at amortized cost	Carrying Amount
Financial Assets			
Cash and cash equivalents	47.808.660	-	47.808.660
Trade receivables	70.433.002	-	70.433.002
Other receivables	467.171	-	467.171
Other current assets	0	-	0
	-	-	0
	-	-	0
Financial liabilities	0	0	0
Borrowings	-	221.150.690	221.150.690
Trade payables	-	37.209.053	37.209.053
Other payables	-	18.261.936	18.261.936

(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)

26. DISCLOSURES RELATED TO STATEMENT OF CASH FLOWS

	31 December 2021	31 December 2020
Cash	46.737	28.477
Cash at banks	15.029.243	47.822.302
Demand deposits	*12.029.243*	*36.375.247*
Time deposits with less than 3 months maturity	*3.000.000*	*11.447.055*
Expected loss provision (-)	(134.579)	(42.119)
	14.941.401	47.808.660

27. FEES FOR SERVICES RECEIVED FROM INDEPENDENT AUDITOR / INDEPENDENT AUDITOR'S

The Group's explanation regarding the fees for the services rendered by independent audit firms, which is based on the POA's Board Decision published on the Official Gazette on March 30, 2021, and the preparation principles of which are based on the POA letter dated August 19, 2021 are as follows:

	01 january- 31 31 December 2021
Legal and voluntary independent audit services (*)	**701.414**
Total	**701.414**

(*) The related amount also includes the independent audit service received by the Group's subsidiary, Dudo UK LTD., from a different independent audit firm.

28. EVENTS AFTER REPORTING DATE

None.

(Amounts are expressed in Turkish Lira (TRY) unless otherwise stated.)

APPENDIX 1- OTHER MATTERS

EBITDA Table	**30 June 2021**	**31 December 2020**
Domestic sales	93.010.442	66.060.930
Foreign sales	122.004.730	50.511.209
Sales returns (-)	(745.125)	(532.639)
Sales discounts (-)	(256.078)	(48.912)
Net Sales	**214.013.969**	**115.990.588**
Cost of Sales (-)	(140.818.178)	(88.068.882)
Gross Profit	**73.195.791**	**27.921.706**
General Administrative expenses (-)	(14.726.558)	(10.129.067)
Marketing expenses (-)	(28.111.682)	(11.363.684)
Other income from operating activities	30.526.218	11.158.580
Other expenses from operating activities (-)	(13.256.472)	(5.299.985)
Operating Profit	**47.627.297**	**12.287.550**
Amortization and Depreciation	8.591.296	7.482.944
EBITDA	**56.218.593**	**19.770.494**