

**CONVENIENCE TRANSLATION INTO ENGLISH OF INDEPENDENT AUDITOR'S REPORT
ORIGINALLY ISSUED IN TURKISH****INDEPENDENT AUDITOR'S REPORT****To the General Assembly of Duran Doğan Basım ve Ambalaj Sanayi ve Ticaret Anonim Şirketi****Report on the audit of the consolidated financial statements****Opinion**

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

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

Basis for Opinion

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

Key Audit Matters

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

<i>Application of TAS 29 – “Financial Reporting in Hyperinflationary Economies”</i>	
Key audit matter	How the matter was addressed in our audit
<p>The Group applied TAS 29 “Financial reporting in hyperinflationary economies (“TAS 29”) in the consolidated financial statements as of and for the year ended 31 December 2023.</p> <p>TAS 29 requires consolidated financial statements to be restated into the current purchasing power at the end of the reporting period.</p> <p>Applying TAS 29 results in significant changes to the consolidated financial statement items included in the Group’s consolidated financial statements as of and for the year ending 31 December 2023, which have been restated for comparative purposes as of and for the year ending 31 December 2022, including consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and statement of cash flow. In addition, considering the additional effort required to perform the audit of the application of TAS 29, we identified the application of TAS 29 as a key audit matter.</p> <p>The explanations regarding the application of TAS 29 are disclosed in Note 2.1.</p>	<p>We performed the following audit procedures in relation to the application of TAS 29:</p> <ul style="list-style-type: none"> - Understanding and evaluating the process and controls related to application of TAS 29 designed and implemented by the Group management, - Verifying whether the Group management’s determination of monetary and non-monetary items is in compliance with TAS 29, - Obtaining detailed lists of non-monetary items and testing original entry dates and amounts with supporting documentation on a sample basis whether they are correctly included in the calculation, - Verifying the general price index rates and methodologies used in calculations correspond with the coefficients in the “Consumer Price Index in Turkey”, - Testing the mathematical accuracy of non-monetary items, consolidated statement of profit or loss, and statement of cash flow adjusted for inflation effects, - Evaluating the adequacy of disclosures related to the application of TAS 29 in the notes to the consolidated financial statements in accordance with TFRS.

<i>Trade Receivables</i>	
Key audit matter	How the matter was addressed in our audit
<p>As at 31 December 2023, trade receivables amounting to TL 443.817.643 constitutes a significant portion of Duran Doğan’s total assets.</p> <p>However, provision for impairment on trade receivables is calculated by taking into consideration the past payment performances and credibility information of customers and the maturity analysis of</p>	<p>We performed the following procedures in relation to the recoverability of trade receivables:</p> <ul style="list-style-type: none"> - Understanding and evaluating the process of collection of the trade receivables of the Group with the operational effectiveness of internal controls within the process,

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<p>the receivable balance and recognized accordingly in the accompanying consolidated financial statements. These known estimates are highly sensitive to possible market conditions. For these reasons, the recoverability of these receivables has been determined as key audit matter of our audit.</p>	<ul style="list-style-type: none"> - Analytical review of the receivable aging study and comparison of the collection turnover ratio with the prior period, - Investigating whether there is any dispute or litigation related to collection and information about the proceedings from legal consultants, - Testing of trade receivable balances by reconciling the balances and tested by using sampling method, - Testing of collections made in the subsequent periods by sampling method, - Testing the disclosures in the consolidated financial statements in relation to the recoverability of trade receivables and evaluating adequacy of such disclosures for TFRS' requirements, <p>We had no material findings related to the recoverability of trade receivables as a result of these procedures.</p>
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Revenue Recognition	
Key audit matter	How the matter was addressed in our audit
<p>As stated in Note 16, the consolidated financial statements of Duran Doğan as of 31 December 2023 include revenue with carrying value of TL 1.507.557.392.</p> <p>A contract with a customer will be recognised as a revenue within the scope of TFRS 15 if all the following conditions are met:</p> <ul style="list-style-type: none"> -the contract has been approved by the parties to the contract; -each party's rights in relation to the goods or services to be transferred can be identified; -the payment terms for the goods or services to be transferred can be identified; -the contract has commercial substance; and - it is probable that the consideration to which the entity is entitled to in exchange for the goods or services will be collected. <p>In this context, determination of revenue is based on the presence of management estimations in revenue calculations except for significant portion and high volume of revenue in the accompanying</p>	<p>We performed the following procedures in relation to the recognition of revenue:</p> <ul style="list-style-type: none"> - Evaluating and testing the design and implementation of controls related to the revenue process after obtaining information about how these policies are implemented, revenue is invoiced but unearned including the policies for recording each revenue type including relevant analytical controls, where deemed necessary, - Evaluating sales returns in accordance with the matching principle, -The substantive procedures have been applied regarding revenue recognition process under the assumption of matching principle. In accordance with these procedures, the Group management assessed the revenue as a process and the information included in the reports. We have evaluated the process of revenue recognition with the operational effectiveness of internal controls. - Testing the disclosures in the consolidated financial statements in relation to the revenue recognition and

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<p>consolidated financial statements and the revenue amount correctly and not being recognised in the correct period in accordance with the TFRS 15 standard. Therefore, recognition of revenue requires significant accounting estimates and judgments in which accounted for correct period and amount in the accompanying consolidated financial statements have been determined as key audit matter of our audit.</p>	<p>evaluating adequacy of such disclosures for TFRS' requirements,</p> <p>We had no material findings related to the revenue recognition as a result of these procedures.</p>
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<i>Provision for Impairment on Inventories</i>	
Key audit matter	How the matter was addressed in our audit
<p>As at 31 December 2023, the inventories amounting to TL 2.845.188 are subject to the risk of impairment.</p> <p>The calculation of the provision for impairment of inventories includes estimates and assumptions of the Group management. These estimates and assumptions include evaluation of the changing customer demands, the evaluation of the inventories that have not been seen for a certain period of time with the evaluation of the inventories sold slowly and the evaluation of the provision for the damaged inventories. Therefore, provision for impairment on inventories has been determined as key audit matter of our audit.</p> <p>Please refer to note 2.6 and 7 to the consolidated financial statements for the accounting policy and the relevant disclosures.</p>	<p>We performed the following procedures in relation to the provision for impairment on inventories:</p> <ul style="list-style-type: none"> - We have discussed with the Group management with the purpose of understanding and assessing the accounting policy related to inventory impairment and the inventories that were exposed to the risk of impairment were determined and the calculations of the provisions were eliminated. - The inventory turnover ratio has been compared with the prior period. - Costs of inventories are compared with market prices. - Inventory aging reports were assessed. - Testing the disclosures in the consolidated financial statements in relation to the provision for inventory impairment and evaluating adequacy of such disclosures for TFRS' requirements, <p>We had no material findings related to the inventory impairment provision as a result of these procedures.</p>

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the

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key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1) According to the Turkish Commercial Code ("TCC") No. 6102 and pursuant to the fourth paragraph of Article 398 of the Turkish Commercial Code No. 6102 ("TCC"), the independent auditors report on the Early Risk Identification System and Committee was presented to the Group's Board of Directors on 20 May 2024.

2) No matter has come to our attention that is significant according to subparagraph 4 of Article 402 of Turkish Commercial Code ("TCC") No. 6102 and that causes us to believe that the Group's bookkeeping activities concerning the period from 1 January to 31 December 2023 period are not in compliance with the TCC and provisions of the Group's articles of association related to financial reporting.

3) In accordance with subparagraph 4 of Article 402 of the TCC, the Board of Directors submitted the necessary explanations to us and provided the documents required within the context of our audit.

The engagement partner who supervised and concluded this independent auditor's report is Birgül DEMİR.

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



Birgül DEMİR
Partner
İstanbul, 20 May 2024

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**DURAN DOĐAN BASIM VE AMBALAJ
SANAYİ ANONİM ŐİRKETİ AND ITS SUBSIDIARIES**

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

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH**

DURAN DOĞAN BASIM VE AMBALAJ SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

**CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR 1 JANUARY- 31 DECEMBER
2023**

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DURAN DOĞAN BASIM VE AMBALAJ SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023 AND 2022**

(Amounts expressed in Turkish Lira (“TL”) in terms of the purchasing power of the TL as at 31 December 2023, unless otherwise indicated.)

	Notes	<i>Audited</i> 31.12.2023	<i>Audited</i> 31.12.2022
ASSETS			
Current Assets			
Cash and Cash Equivalents	27	26.236.678	85.653.155
Financial Investments	14	1.087.227	17.930.586
Trade Receivables	6	443.817.643	369.512.179
<i>Third Parties</i>		<i>443.817.643</i>	<i>369.512.179</i>
Other Receivables	7	6.582.383	16.696.153
<i>Third Parties</i>		<i>6.582.383</i>	<i>16.696.153</i>
Inventories	8	314.927.750	576.468.422
Prepaid Expenses	9	37.809.694	19.607.287
Other Current Assets	14	789.505	10.326
TOTAL CURRENT ASSETS		831.250.880	1.085.878.108
Non-Current Assets			
Other Receivables	7	1.421.039	1.521.607
<i>Third Parties</i>		<i>1.421.039</i>	<i>1.521.607</i>
Prepaid Expenses	9	292.300	23.289.930
Property, Plant and Equipment	10	379.954.470	331.293.923
Right of Use Assets	10	527.658.119	514.172.793
Intangible Assets	11	7.392.918	8.747.084
<i>Other Intangible Assets</i>		<i>7.392.918</i>	<i>8.747.084</i>
Deferred Tax Assets	23	74.978.523	55.957.180
TOTAL NON-CURRENT ASSETS		991.697.369	934.982.517
TOTAL ASSETS		1.822.948.249	2.020.860.625

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

DURAN DOĞAN BASIM VE AMBALAJ SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023 AND 2022**

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as at 31 December 2023, unless otherwise indicated.)

	Notes	Audited 31.12.2023	Audited 31.12.2022
LIABILITIES			
Current Liabilities			
Short-Term Borrowings	25	77.703.047	291.292.555
Short-Term Portion of Long-Term Borrowings	25	114.153.678	106.544.319
Lease Liabilities	25	34.890.601	71.524.820
Trade Payables		220.108.316	218.642.903
<i>Related Parties</i>	5	9.362.763	13.450.540
<i>Third Parties</i>	6	210.745.553	205.192.363
Employee Benefits	13	11.856.048	12.305.996
Other Payables		90.472.781	75.447.919
<i>Related Parties</i>	5	40.790.750	75.447.919
<i>Third Parties</i>	7	49.682.031	--
Deferred Income	9	42.467.173	20.955.334
<i>Third Parties</i>		42.467.173	20.955.334
Current Income Tax Liabilities	23	16.699.482	15.218.204
Short-Term Provisions		13.895.573	3.754.588
<i>Short-Term Provisions for Employee Benefits</i>	13	13.764.532	3.581.989
<i>Other Short-Term Provisions</i>	12	131.041	172.600
Other Current Liabilities	14	17.187.688	61.412.947
TOTAL CURRENT LIABILITIES		639.434.387	877.099.585
Non-Current Liabilities			
Long-Term Borrowings	25	49.492.750	64.330.793
Lease Liabilities	25	9.058.416	33.004.930
Deferred Income	9	647.368	1.132.893
<i>Third Parties</i>		647.368	1.132.893
Long-Term Provisions	13	37.609.087	31.146.422
<i>Long-Term Provisions for Employee Benefits</i>		37.609.087	31.146.422
TOTAL NON-CURRENT LIABILITIES		96.807.621	129.615.038
EQUITY			
Equity Holders of the Parent			
Paid-in Share Capital	15	100.000.000	35.000.000
Adjustment to Share Capital	15	370.003.830	363.533.197
Treasury Shares (-)	15	(4.156.965)	--
Share Premium		59.859	59.859
Other Comprehensive Income or Expenses not to be reclassified to Profit or Loss		187.693.850	153.718.593
<i>Gains/(losses) on revaluation and remeasurement</i>	22	212.913.974	175.383.051
<i>Gains/(losses) on remeasurements of defined benefit plans</i>	22	(25.220.124)	(21.664.458)
Other Comprehensive Income or Expenses to be reclassified to Profit or Loss		(34.698.626)	(34.101.345)
<i>Currency Translation Differences</i>	22	(34.698.626)	(34.101.345)
Restricted Reserves	15	19.277.063	9.152.669
Retained Earnings	15	331.812.389	(11.572.474)
Profit for the Period		116.719.055	498.355.406
TOTAL EQUITY HOLDERS OF THE PARENT		1.086.710.455	1.014.145.905
Non-Controlling Interests		(4.214)	97
TOTAL LIABILITIES AND EQUITY		1.086.706.241	1.014.146.002
TOTAL EQUITY		1.822.948.249	2.020.860.625

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

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH

DURAN DOĞAN BASIM VE AMBALAJ SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEARS ENDED 31 DECEMBER 2023 AND 2022

(Amounts expressed in Turkish Lira (“TL”) in terms of the purchasing power of the TL as at 31 December 2023, unless otherwise indicated.)

	Notes	Audited 01.01.- 31.12.2023	Audited 01.01.- 31.12.2022
PROFIT OR LOSS			
Revenue	16	1.507.557.392	2.200.208.160
Cost of Sales (-)	16	(1.180.033.846)	(1.233.047.535)
GROSS PROFIT		327.523.546	967.160.625
Marketing Expenses (-)	17	(129.488.079)	(308.678.875)
General Administrative Expenses (-)	17	(118.527.961)	(130.918.899)
Other Operating Income	19	362.270.534	170.853.514
Other Operating Expenses (-)	19	(262.140.884)	(141.481.042)
OPERATING PROFIT		179.637.156	556.935.323
Gains from Investment Activities	20	12.577.814	2.570.088
Losses from Investment Activities (-)	20	(137.175)	(16.730.470)
Operating profit before financial income/(expense)		192.077.795	542.774.941
Financial Income	21	3.798.953	2.765.068
Financial Expenses (-)	21	(181.801.342)	(227.607.804)
Net Monetary Position Gains / (Losses)		69.933.585	121.472.667
PROFIT BEFORE TAX		84.008.991	439.404.872
Tax income/(expense)		32.705.751	58.950.061
- Current period tax expense	23	(22.598.550)	(63.971.955)
- Deferred income tax	23	55.304.301	122.922.016
PROFIT FOR THE PERIOD		116.714.742	498.354.933
OTHER COMPREHENSIVE INCOME			
Items not to be reclassified to profit or loss			
Gains/(losses) on remeasurements of defined benefit plans	22	(4.740.886)	(12.690.777)
Taxes relating to other comprehensive income	22	1.185.222	2.538.155
Gains/(losses) on reclassification and/or reclassification of property, plant and equipment	22	37.412.619	199.912.685
Current period tax expenses from other comprehensive income items	22	(30.003.692)	(28.683.162)
Items to be reclassified to profit or loss		(597.281)	(10.793.409)
Currency Translation Differences	22	(597.281)	(10.793.409)
Other comprehensive income/(expenses)		3.255.982	150.283.492
Total comprehensive income		119.970.724	648.638.425
Attributable to			
Non-Controlling Interests		(4.313)	(473)
Equity Holders of the Parent		116.719.055	498.355.406
Other comprehensive income			
Attributable to			
Non-Controlling Interests		(4.311)	(539)
Equity Holders of the Parent		119.975.035	648.638.962
Earnings per share	24	2.1037	14.2387
Earnings per share from continuing operations (TL)	24	2.1037	14.2387

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

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH

DURAN DOĞAN BASIM VE AMBALAJ SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2023 AND 2022

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of the TL as at 31 December 2023, unless otherwise indicated.)

Notes	Paid-in Share Capital	Adjustment to Share Capital	Share premium	Treasury shares (C)	Gains/(losses) on remeasurements of defined benefit plans	Gains/(losses) on revaluation and remeasurement	Items to be reclassified to profit or loss		Retained Earnings			Total equity
							Currency translation differences	Restricted reserves	Prior years' income	Profit for the period	Equity holders of the parent	
Balances at 1 January 2022 (Beginning of the Period)	35,000,000	363,533,197	59,859	--	(11,511,900)	--	(23,307,936)	7,546,023	49,971,790	365,506,943	636	365,507,579
Transfers	--	--	--	--	--	4,153,528	--	1,606,646	(49,971,790)	--	--	--
Total Comprehensive Income	--	--	--	--	(10,152,558)	171,229,533	(10,793,409)	--	498,355,406	648,638,962	(539)	648,638,423
Revaluation of property, plant and equipment	--	--	--	--	--	171,229,533	--	--	--	171,229,533	--	171,229,533
Gains/(losses) on remeasurements of defined benefit plans	--	--	--	--	(10,152,558)	--	--	--	--	(10,152,558)	(66)	(10,152,624)
Currency translation differences	--	--	--	--	--	--	(10,793,409)	--	--	(10,793,409)	--	(10,793,409)
Profit for the period	--	--	--	--	--	--	--	--	498,355,406	498,355,406	(473)	498,354,933
Balances at 31 December 2022 (End of the Period)	35,000,000	363,533,197	59,859	--	(21,664,458)	175,383,051	(34,101,345)	9,152,669	(11,572,474)	1,014,145,905	97	1,014,146,002
Balances at 1 January 2023 (Beginning of the Period)	35,000,000	363,533,197	59,859	--	(21,664,458)	175,383,051	(34,101,345)	9,152,669	(11,572,474)	1,014,145,905	97	1,014,146,002
Transfers	--	--	--	--	--	(3,118,470)	--	9,668,978	491,804,898	--	--	--
Capital increases	--	6,470,633	--	--	--	--	--	--	(71,470,633)	--	--	--
Dividends paid	65,000,000	--	--	--	--	--	--	--	(32,250,708)	(32,250,708)	--	(32,250,708)
Treasury shares	--	--	--	(4,156,965)	--	--	--	--	--	(4,156,965)	--	(4,156,965)
Acquisition of a subsidiary	--	--	--	--	--	33,240,466	--	455,416	(44,698,094)	(11,002,812)	--	(11,002,812)
Total Comprehensive Income	--	--	--	--	(3,555,666)	7,408,927	(597,281)	--	116,719,055	119,975,035	(4,311)	119,970,724
Revaluation of property, plant and equipment	--	--	--	--	--	7,408,927	--	--	--	7,408,927	--	7,408,927
Gains/(losses) on remeasurements of defined benefit plans	--	--	--	--	(3,555,666)	--	--	--	--	(3,555,666)	2	(3,555,664)
Currency translation differences	--	--	--	--	--	--	(597,281)	--	--	(597,281)	--	(597,281)
Profit for the period	--	--	--	--	--	--	--	--	116,719,055	116,719,055	(4,313)	116,714,742
Balances at 31 December 2023 (End of the Period)	100,000,000	370,003,830	59,859	(4,156,965)	(25,220,124)	212,913,974	(34,698,626)	19,277,063	331,812,389	1,086,710,455	(4,214)	1,086,706,241

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

DURAN DOĞAN BASIM VE AMBALAJ SANAYİ A.Ş. VE BAĞLI ORTAKLIKLARI
31 ARALIK 2023 TARİHİ İTİBARIYLA KONSOLİDE FİNANSAL TABLOLARA İLİŞKİN
DİPNOTLAR

(Tutarlar aksi belirtilmedikçe Türk Lirası (“TL”) olarak, 31 Aralık 2023 tarihi itibarıyla satın alma gücü esasına göre ifade edilmiştir.)

	Notes	01.01.-31.12.2023	01.01.-31.12.2022
A) CASH FLOWS FROM OPERATING ACTIVITIES		229.406.539	201.485.821
Profit for the Period	24	116.714.742	498.354.933
Adjustments to reconcile profit for the period to cash generated from operating activities		25.770.367	(120.931.057)
-Depreciation and amortisation	10, 11	111.236.649	105.013.549
-Adjustments for impairment on inventories (reversal)	8	9.644.864	20.580.223
-Adjustments for tax income expenses		(25.241.262)	(58.950.059)
-Adjustments for unrealized currency translation differences		77.796.119	131.855.916
-Adjustments for provisions			
- Lawsuits		--	(4.418.137)
- Employment termination benefits		39.516.498	6.755.985
- Doubtful receivables		(495.537)	557.456
- Unused vacation		10.182.543	(15.041.405)
- Other provisions		(41.559)	--
-Adjustments for interest income and expenses	21		
- Interest income		(3.798.953)	(2.765.068)
- Interest expenses		34.657.833	76.687.391
Net monetary position gains / losses		(227.686.828)	(381.206.908)
Changes in Working Capital		210.065.600	(164.997.700)
-Changes in inventories		219.015.192	(168.980.011)
-Changes in trade receivables		(95.062.493)	35.036.478
-Changes in other receivables		9.934.109	28.288.729
-Changes in trade payables		21.337.030	(46.198.950)
-Changes in other payables		15.024.862	(7.667.240)
-Changes in prepaid expenses		3.176.354	10.215.107
-Changes in other current non-current assets		(779.179)	(6.489)
-Changes in financial investments		16.843.359	(17.930.586)
-Changes in deferred income		21.026.314	(942.811)
-Changes in employee benefits		(449.948)	3.188.073
Cash flows from Operating Activities		352.550.709	212.426.176
Dividends paid	15	(32.250.708)	--
Income Taxes Refund Paid	13	(65.342.531)	(8.190.552)
Employment termination benefits		(25.550.931)	(2.749.803)
B) CASH FLOWS FROM INVESTING ACTIVITIES		(125.485.005)	(47.879.068)
-Cash inflows from sale of property, plant and equipment and intangible assets		177.588	806.933
-Cash outflows from purchase of property, plant and equipment and intangible assets		(83.703.561)	(48.686.001)
Business combinations	4	(41.959.032)	--
C) CASH FLOWS FROM FINANCING ACTIVITIES		(162.740.730)	(97.602.351)
Cash outflows from treasury shares or capital reduction	15	(4.156.965)	--
Cash inflows from borrowings		453.621.286	493.185.700
Cash outflows from repayments of borrowings		(460.633.754)	(430.710.586)
-Cash outflows from lease liabilities		(133.466.628)	(86.155.142)
Interest received	21	3.798.953	2.765.068
Interest paid		(21.903.622)	(76.687.391)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES		(58.819.196)	56.004.402
D) EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		(597.281)	(10.793.407)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(59.416.477)	45.210.995
E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		85.653.155	40.442.160
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		26.236.678	85.653.155

NOTE 1 – GROUP’S ORGANISATION AND NATURE OF OPERATIONS

Duran Doğan Basım ve Ambalaj Sanayi A.Ş. (the “Company” or “Duran Doğan”) and its subsidiaries together collectively referred as the “Group” with Duran Doğan Dış Ticaret Anonim Şirketi., Duran Doğan Europe B.V., Avantgarde Sürdürülebilir Kağıtçılık Sanayi ve Ticaret Anonim Şirketi and Dudo UK Ltd. and Atlas Ofset Matbaacılık Ambalaj Sanayi ve Ticaret Anonim Şirketi (the “Group”). Duran Doğan’s business activities include production of all kinds of packaging; printing, cutting, gluing and laminating works on aluminum, metal, tin materials, sales, purchase and sale of paper, cardboard packages, all kinds of plastic materials in rolls and sheets and other works written in the articles of association.

The Group was established in 1975 and the registered address of Duran Doğan is as follows:

Hadımköy Mahallesi Mustafa İnan Cad. No:41 Arnavutköy / İSTANBUL

The subsidiary of the Group is also registered and incorporated in Turkey.

Duran Doğan is registered with CMB and subject to regulations of the Capital Markets Board (“CMB”) and its shares have been quoted on the Borsa İstanbul (“BİST”).

DURAN DOĞAN BASIM VE AMBALAJ SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

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

(Amounts on tables expressed in Turkish Lira (“TL”) in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

Total end of the year and average number of personnel employed by Duran Doğan is 355 (31 December 2022: 333).

The equity holders of the parent and the ultimate controlling parties of the Group are LGR International Societe Anonyme (30.00%), Dikran Mihran Acemyan (9.28%), İbrahim Okan Duran (7.95%), Oktay Duran (8.04%) and Dikran Acemyan (7.29%).

As of 31 December 2023, and 2022, subsidiaries (“Subsidiaries”) included in the scope of consolidation of Duran Doğan, their direct and indirect ownership interests and nature of business are as follows:

Subsidiaries	31.12.2023		31.12.2022		Nature of business
	Direct Ownership Interest held by Duran Doğan (%)	Indirect Ownership Interest held by Duran Doğan (%)	Direct Ownership Interest held by Duran Doğan (%)	Indirect Ownership Interest held by Duran Doğan (%)	
Dudo İthalat ve İhracat Pazarlama A.Ş.	99.92	99.92	99.92	99.92	Domestic and international purchase and sale of printed and unprinted cardboards
Dudo UK Ltd.	100.00	100.00	100.00	100.00	Domestic and international purchase and sale of printed and unprinted cardboards
Duran Doğan Europe B.V.	100.00	100.00	100.00	100.00	Domestic and international purchase and sale of printed and unprinted cardboards
Avantgarde Sürdürülebilir Kağıtçılık Sanayi ve Ticaret A.Ş.	100.00	100.00	100.00	100.00	Sales of barrier properties of paper and cardboard such as oxygen and moisture for use in the production of sustainable flexible packaging Manufacturing, purchase, sale, marketing, storage, distribution, import and export of optical bleaching substances and other chemical substances detected on all kinds of fibers needed by industries such as printing, printing and cutting of packaging boxes, publishing works, paper and detergent textile.
Atlas Ofset Matbaacılık Ambalaj Sanayi ve Ticaret A.Ş.	100.00	100.00	--	--	

Approval of the consolidated financial statements

These consolidated financial statements as of and for the year ended 31 December 2023 have been approved for issue by the Board of Directors (“BOD”) on 20 May 2024. These consolidated financial statements will be finalised following the approval by the General Assembly.

DURAN DOĞAN BASIM VE AMBALAJ SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

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

(Amounts on tables expressed in Turkish Lira (“TL”) in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of presentation

Statement of compliance with TAS

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

In addition, the accompanying consolidated financial statements and notes have been prepared in accordance with the formats and mandatory information published by CMB on 7 June 2013.

These consolidated financial statements have been prepared under the historical cost conversion except for revaluation of land and buildings. Historical cost has been determined at the fair value for the amount paid for the assets considered.

Adjustments of financial statements in hyperinflationary periods

Financial reporting in hyperinflationary economies

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

Entities applying TFRSs have started to apply inflation accounting under TAS 29 “Financial Reporting in Hyperinflation Economies” as of financial statements for the annual reporting period ending on or after 31 December 2023 with the announcements made by the Public Oversight Accounting and Auditing Standards Authority (“POA”) on 23 November 2023. TAS 29 is applied to the financial statements, including the consolidated financial statements, of any entity whose functional currency is the currency of a hyperinflationary economy. According to the standard, financial statements prepared in the currency of a hyperinflationary economy are presented in terms of the purchasing power of that currency at the balance sheet date. Prior period financial statements are also presented in the current measurement unit at the end of the reporting period for comparative purposes. The Group has therefore presented its consolidated financial statements as of 31 December 2022 and 2021, on the purchasing power basis as of 31 December 2023.

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

In accordance with TAS 29 “Financial Reporting in Hyperinflation Economies” which requires entities whose functional currency is that of a hyperinflationary economy to prepare their financial statements in terms of the measuring unit current at the end of the reporting period. In a hyperinflation economy, it is not meaningful and useful to report operating results and financial position in the local currency without

DURAN DOĞAN BASIM VE AMBALAJ SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

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

(Amounts on tables expressed in Turkish Lira ("TL") in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

adjustment. Money loses its purchasing power in such a proportion that comparing the amounts of transactions or other events that occurred at different times is misleading, even in the same accounting period. Hyperinflation is determined by a country's economic characteristics, including, but not limited to considering the cumulative inflation rate over three years approaches, or exceeds, 100%.

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

Year	2023	2022	2021
Index	1.859,39	1.128,45	686,96
Adjustment coefficient	1,0000	1,6477	2,7067
Three-year cumulative inflation rates	268%	156%	74%

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

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

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

DURAN DOĞAN BASIM VE AMBALAJ SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

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

(Amounts on tables expressed in Turkish Lira (“TL”) in terms of purchasing power of the TL on 31 December 2023 unless otherwise indicated.)

Basis of presentation of consolidated financial statements and financial reporting standards

Duran Doğan Basım ve Ambalaj Sanayi Anonim Şirketi and its subsidiaries incorporated in Turkey maintains their books of account and prepares their statutory consolidated financial statements in accordance with the Turkish Commercial Code (“TCC”), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance.

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

Comparatives and adjustment of prior periods’ consolidated financial statements

The current period consolidated financial statements of the Group include comparative financial information to enable the determination of the trends in financial position and performance. Comparative figures are reclassified, where necessary, to conform to the changes in the presentation of the current period consolidated financial statements.

Business combinations

The acquisition of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognized and measured in accordance with TAS 12 Income Taxes and TAS 19 Employee Benefits respectively;
- Liabilities or equity instruments related to share-based payment arrangements of the acquiree, or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with TFRS 2 Share-based Payment at the acquisition date,
- Assets (or disposal groups) that are classified as held for sale in accordance with TFRS 5 are measured in accordance with TFRS 5 “Non-Current Assets Held for Sale and Discontinued Operations”.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of

DURAN DOĞAN BASIM VE AMBALAJ SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

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any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized in profit or loss as a gain on bargain purchase.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another TFRS. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e., the date when the Group obtains control) and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period or additional assets, or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

The assets and liabilities that were not previously recognized as identifiable assets and liabilities assumed in the acquiree's financial statements are recognized.

As of the acquisition date, the identifiable assets, identifiable liabilities and minority interests of the acquired entity are carried at their fair values. Relevant calculations are realised based on the relevant assumptions and evaluations.

Basis of consolidation

Consolidated financial statements include subsidiaries are the entities controlled directly and indirectly by Duran Doğan and its subsidiaries

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Control is achieved when the Group:

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

The Group 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. When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- i) the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- ii) potential voting rights held by the Group, other vote holders or other parties;
- iii) rights arising from other contractual arrangements; and
- iv) any additional facts and circumstances that indicate that the Group 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.

Subsidiaries are consolidated from the date on which the control is transferred to the Group and are no longer consolidated from the date that the control ceases. Income and expenses of the subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the date of acquisition until the date of disposal.

The accounting policies of the subsidiary have been changed when deemed necessary in order to comply with the policies accepted by the Group. In the matter of a reverse balance in non-controlling interests, total comprehensive income has been transferred to the parent company shareholders and non-controlling interests.

The necessary adjustments have been realised to the accounting policies in the financial statements of subsidiaries to ensure conformity with the Group.

Intra-group assets and liabilities, equity, income and expenses and cash flows relating to transactions between the Group companies are eliminated during consolidation.

2.2 Changes in accounting policies

Whether there are changes and errors in accounting policies and accounting estimates, the amended significant changes and the identified significant accounting errors are implemented retrospectively and the previous periods Group's consolidated financial statements are adjusted. There are no changes in the accounting policies expected to have a material influence on the results of the end of the annual reporting period.

2.3 Changes in accounting estimates and errors

Accounting estimates are based on reliable information and reasonable estimation methods. However, estimates are revised as a result of changes in circumstances, estimating new information or additional developments. If changes in accounting forecasts are related to only one period, amendments are made in the current period. If amendments are related to the forthcoming periods, changes are applied in both current period and forthcoming periods.

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2.4 New and Revised Turkish Financial Reporting Standards

The new standards, amendments, and interpretations

The accounting policies adopted in the preparation of the consolidated financial statements as of 31 December 2023 are consistent with those of the previous financial year, except for the adoption of new and amended Turkish Accounting Standards (“TFRS/TAS”) and interpretations effective as of 1 January 2023 and thereafter. The effects of these standards and interpretations on the Group’s financial position and performance have been disclosed in the related paragraphs.

i) The new standards, amendments and interpretations and interpretations to the existing previous standards which are effective as of 31 December 2023 are as follows:

Narrow scope amendments to TAS 1, Practice Statement 2 and TAS 8; effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies. The impact of this amendment on the Group’s financial position and performance is being assessed.

Amendment to TAS 12 – Deferred tax related to assets and liabilities arising from a single transaction; effective from annual periods beginning on or after 1 January 2023. These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences. The impact of this amendment on the Group’s financial position and performance is being assessed.

The amendment to TAS 12, “International Tax Reform: Temporary Exception,” is effective for year-ends ending on or after December 31, 2023. The disclosure requirements are effective for annual periods beginning on or after January 1, 2023, with early application permitted. This amendment clarifies the application of TAS 12 to income taxes arising from tax laws enacted or substantively enacted to implement the OECD’s Pillar Two Model Rules. The amendment also introduces specific disclosure requirements for entities affected by such tax laws. The exception to not recognize and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes, along with the disclosure requirement that the exception has been applied, is effective upon issuance of the amendment. However, the specific disclosure requirements introduced by the amendment are not required to be applied for interim periods ending before 31 December 2023. The impact of this amendment on the Group’s financial position and performance is being assessed.

TFRS 17, ‘Insurance Contracts’; effective from annual periods beginning on or after 1 January 2023. This standard replaces TFRS 4, which permitted a wide variety of practices in accounting for insurance contracts. TFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts. The impact of this amendment on the Group’s financial position and performance is being assessed.

However, it was reported that in a letter dated 6 April 2023, the Public Oversight Authority (“POA”) informed the Turkish Insurance, Reinsurance and Pension Companies Association that it was decided that TFRS 17 would be applied to the consolidated and individual financial statements of insurance, reinsurance and pension companies, banks with partnerships/investments in these companies, and other companies with partnerships/investments in these companies, starting from 1 January 2024.

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ii) Standards, amendments and interpretations that are issued but not effective as at 31 December 2023:

Amendment to TFRS 16 – Leases on sale and leaseback; effective from annual periods beginning on or after 1 January 2024. These amendments include requirements for sale and leaseback transactions in TFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted. The impact of this amendment on the Group’s financial position and performance is being assessed.

Amendment to TAS 1 – Non-current liabilities with covenants; effective from annual periods beginning on or after 1 January 2024. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve the information an entity provides related to liabilities subject to these conditions. The impact of this amendment on the Group’s financial position and performance is being assessed

Amendments to TAS 7 and TFRS 7 on Supplier finance arrangements; effective from annual periods beginning on or after 1 January 2024. These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company’s liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB’s response to investors’ concerns that some companies’ supplier finance arrangements are not sufficiently visible, hindering investors’ analysis. The impact of this amendment on the Group’s financial position and performance is being assessed.

Amendments to TAS 21 - Lack of Exchangeability; effective from annual periods beginning on or after 1 January 2025. An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations. The impact of this amendment on the Group’s financial position and performance is being assessed.

TFRS S1, ‘General requirements for disclosure of sustainability-related financial information; effective from annual periods beginning on or after 1 January 2024. This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity’s value chain. The impact of this amendment on the Group’s financial position and performance is being assessed.

TFRS S2, ‘Climate-related disclosures’; effective from annual periods beginning on or after 1 January 2024. This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities. The impact of this amendment on the Group’s financial position and performance is being assessed.

On 29 December 2023, the Public Oversight Authority (“POA”) published a Board Decision in the Official Gazette, announcing that certain businesses will be subject to mandatory sustainability reporting starting from 1 January 2024. The companies included in the scope of the sustainability application are determined in order to identify the businesses that will be subject to sustainability reporting within the scope of the “Board Decision on the Determination of Businesses Subject to Sustainability Reporting Within the Scope of the Application of Turkey Sustainability Reporting Standards (TSRS)” dated 5 January 2024

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2.5 Summary of significant accounting policies

Revenue

In accordance with “IFRS 15 Revenue from Contracts with Customers” is that the entity reflects the proceeds to the consolidated financial statements from an amount that reflects the cost that the Group expects to qualify for the transfer of the goods or services it commits to its customers.

Following indicators are considered while evaluating the transfer of control of the goods and services:

- a) Presence of Group’s collection right of the consideration for the goods or services,
- b) Customer’s ownership of the legal title on goods or services,
- c) Physical transfer of the goods or services,
- d) Customer’s ownership of significant risks and rewards related to the goods or services,
- e) Customer’s acceptance of goods or services.

If the Group expects, at contract inception, that the period between when the Group transfers a promised good or 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 in the relevant period in accordance with effective interest method, which determines the remaining principal balance and the estimated cash inflows to be obtained from the relevant financial asset over its estimated useful life to the net book value of the relevant asset.

Inventories

Inventories are evaluated at the lower of cost or net realizable value, restated at equivalent purchasing power as at 31 December 2023.

Cost of inventories includes all purchasing costs, covering costs and other costs incurred to make the inventories ready to sell. The covering costs of inventories include costs which are directly related to production such as direct labour expense. Those costs also include systematically distributed costs from fixed and variable general production expenses incurred in covering direct raw material to the goods. The cost of inventories is determined by the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses. In cases where the inventories to be reduced to net realizable value or an increase in net realizable value is determined due to changing economic conditions, the provision is reversed. The amount is limited to reversal of the impairment.

Related parties

Related parties are individuals or entities that are related to the entity that is preparing its consolidated financial statements (reporting entity).

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a) An individual or a close family member is considered related party of the reporting entity when the following criteria are met: If a certain individual,

- i) Has control or joint control over the reporting entity,
- ii) Has significant influence over the reporting entity,
- iii) Is a key management personnel of the reporting entity or a parent company of the reporting entity.

b) An entity is considered related party of the reporting entity when the following criteria are met:

- i) If the entity and the reporting entity is within the same group (meaning every parent company, subsidiary and other subsidiaries are considered related parties of others.
- ii) If the reporting entity is a subsidiary or a joint venture of another entity (or of another entity that the entity is within the same group).
- iii) If both of the entities are a joint venture of a third party.
- iv) If one of the entities are a joint venture of a third party while the other entity is a subsidiary of this third party.
- v) If entity has plans of post-employment benefits for employees of reporting entity or a related party of a reporting entity. If the reporting entity has its own plans, sponsor employers are also considered as related parties.
- vi) If the entity is controlled or jointly controlled by an individual defined in the article (a).
- vii) If an individual defined in the clause (i) of article (a) has significant influence over the reporting entity or is a key management personnel of this certain entity (or a parent company of the entity).

Related party transaction is the transfer of resources, services or liabilities regardless of whether a price is charged or not.

Property, plant and equipment

Land and buildings for administrative purposes and production are carried at their amounts subject to revaluation. The amount is determined less the accumulated depreciation and impairment in subsequent periods from the fair value determined on the revaluation date.

The relevant revaluations are realised at regularly so that the fair value determined at the balance sheet date does not differ significantly from the book value.

The increase resulting from the revaluation of the land and buildings is recognised in the revaluation fund in equity. The increase resulting from revaluation is initially recognised in the statement of profit or loss in proportion to the impairment, in case there is an impairment on the property, plant and equipment previously presented in the statement of profit or loss. The decrease in the book value resulting from the revaluation of the machinery, equipment is recognised in the statement of profit or loss if it exceeds the balance in the revaluation fund related to the previous revaluation of the property, plant and equipment.

Property, plant and equipment considered as construction in progress for administrative purposes or other purposes not yet determined are carried at cost in the equivalent purchasing power of TL at 31 December 2023, less any impairment losses. Legal fees are also included in the relevant cost. In the case of property, plant and equipment that require significant time to be ready for use and sale, borrowing costs are capitalized. When the construction of the property, plant and equipment is completed and they are ready for use, they are classified into the relevant property, plant and equipment item. Such property, plant and equipment are depreciated when they are ready for use, as is the depreciation method used for other property, plant and equipment.

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Depreciation of buildings subject to revaluation is included in the statement of profit or loss. When land and buildings subject to revaluation are sold or disposed, the remaining balance in the revaluation fund is transferred directly to retained earnings.

Land is not depreciated as it is deemed to have an indefinite useful life. Property, plant and equipment other than buildings are carried at cost, expressed in the equivalent purchasing power of TL, less accumulated depreciation and impairment as of 31 December 2023.

Useful life and the depreciation method are constantly reviewed, and accordingly, parallels are sought between the depreciation method and the period and the useful life to be derived from the related asset and accounted prospectively.

Depreciation is provided for property, plant and equipment on a straight-line basis over their estimated useful lives except for land and constructions in progress. Useful life and the depreciation method are constantly reviewed, and accordingly, parallels are sought between the depreciation method and the period and the useful life to be derived from the related asset and accounted prospectively.

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

Intangible assets

Acquired intangible assets

Intangible assets with definite useful lives are initially recognized at the purchasing power as at 31 December 2023 less accumulated depreciation and impairment. These assets are amortized using the straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being recognized for on a prospective basis.

Computer software

Acquired computer software is capitalized based on the costs incurred during its acquisition and the period from purchase until it is ready for use. Depreciation is provided according to their economic useful lives.

Internally generated intangible assets– research and development expenses

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,

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- 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 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 charged to profit or loss in the period in which it is incurred.

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

Derecognition of intangible assets

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

Intangible assets and impairment on 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.

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.

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Borrowing costs

Borrowing costs recognized in the statement of profit or loss in which period they incurred.

Financial instruments

Financial assets

A financial asset or a financial liability is recognized in the statement of financial position only when it is a party to the contractual provisions of the instrument. Normal purchases or sales of financial instruments are recognized in the consolidated financial statements or excluded from the consolidated financial statements by using one of the accounting methods on the transaction date or delivery date. Trading transactions are accounted for at the date of delivery with the initial recognition and classification of financial instruments depends on the contractual terms and the relevant business model. A financial asset or financial liability other than TFRS 15 "Revenue from Contracts with Customers" is measured at fair value when first recognized in the consolidated financial statements. Transaction costs directly attributable to the acquisition or the issuance of financial assets and liabilities, except for the fair value changes recognized in profit or loss, are also added to the fair value or deducted from the fair value. The classification of financial instruments during the initial recognition depends on the characteristics of the contractual cash flows.

Financial assets and liabilities under TFRS 9 are as follows:

Financial assets

Financial 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 time frame established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value. Investments are recorded or derecognized on the date of the transaction on the basis of a contract with the condition of delivery of the investment instruments in accordance with the period determined by the relevant market.

Financial assets classified as "financial assets at fair value through profit or loss", "financial assets at amortized cost" and "financial assets at fair value through other comprehensive income".

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading and not acquired for trading purposes but recognized in this category at initial recognition. When a financial asset is acquired for the purpose of disposal in the short term, it is classified in that category. Derivative financial instruments which are not designated as effective hedging instruments are also classified as financial assets measured at fair value through profit or loss. Financial assets are carried at fair value and any gains or losses arising from the valuation are recognized in profit or loss.

Financial assets at amortized cost

"Financial assets at amortised cost", are non-derivative assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets carried at amortised cost are measured at their fair value at initial recognition and by

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effective interest rate method at subsequent measurements. Gains and losses on valuation of non-derivative financial assets measured at amortised cost are accounted for under the statement of income. Interest income from financial assets held to maturity recognized in the statement of profit or loss.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income” are assets that are either equity securities or debt securities. The Group measures related financial assets at fair value. Gains or losses on a financial asset measured at fair value through other comprehensive income is recognised in other comprehensive income, except for foreign exchange gains and losses. When an equity security is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified to retained earnings. When a debt security is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified to profit or loss.

Subsequent valuation of financial assets measured at fair value through other comprehensive income is carried at fair value. However, if the fair value cannot be measured reliably, for those with a fixed maturity, discounted price is calculated using the internal rate of return method; for those who do not have a fixed maturity, fair value is valued using pricing models or discounted cash flow techniques. Unrealized gains or losses arising from changes in the fair values of financial assets at fair value through other comprehensive income and expressing the difference between the amortized cost and fair value of the securities calculated using the effective interest method, are included in the “Financial Assets Under Management Fund” which is recognized in equity. When the financial assets at fair value through profit or loss are disposed of, the value in equity resulting from the application of fair value is recognised in the period profit/loss.

Recognition and derecognition of financial assets and liabilities

The Group reflects the financial assets or liabilities in the statement of financial position when it becomes a party to the related financial instrument contracts. The Group writes-off a financial asset or a portion of its financial asset only when it loses its control over the rights arising from the contract. The Group derecognizes a financial liability only if the obligation defined in the contract is eliminated, cancelled or expired.

Impairment of financial assets / expected credit loss

At each reporting date, it is evaluated whether there is a significant increase since the financial instrument within the scope of the impairment has been included in the consolidated financial statements for the first time. When making this assessment, the change in the risk of default of the financial instrument is taken into consideration. The expected credit loss estimate is unbiased, weighted according to probabilities, and includes information that can be supported about past events, current conditions, and forecasts for future economic conditions.

In all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of a provision account, the impairment is offset directly from the carrying amount of the related financial asset. In the event that the trade receivable cannot be collected, the said amount is offset from the provision account. Fair value difference other than equity instruments recognised in other comprehensive income, if the impairment loss is reduced in the subsequent period and if the impairment can be attributed to an event that occurred after the recognition of the impairment loss, an impairment loss recognized in advance if the impairment of the investment has never been recognized at the time the

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impairment loss is reversed will not exceed the amount of amortized cost in the statement of profit or loss is reversed.

An increase in the fair value of the equity instruments recognised in other comprehensive income after the impairment loss, recognized directly in equity.

Trade receivables

Trade receivables arising as a result of providing products or services to the buyer are recognized at amortized cost of the amounts to be obtained in subsequent periods, recognised at the original invoice, using the effective interest method. Short-term receivables with no imputed interest rate are carried at the invoice amount unless the effect of the original effective interest rate is immaterial.

Trade receivables carried at amortized cost in the consolidated financial statements and do not contain a significant financing component (less than 1 year as short term) value within the scope of trade receivables impairment calculations applied "simplified approach". In cases where trade receivables are not impaired due to certain reasons (except for realized impairment losses), provisions for losses related to trade receivables "is measured from an equal amount of lifetime expected credit losses".

In case of collecting all or part of the receivable amount that is impaired following the provision for impairment, the collected amount is deducted from the other operating activities by offset the amount deducted from the provision for impairment.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held in banks with maturities of 3 months or less, government bonds/treasury bills classified as available for sale financial assets with original maturities of 3 months or less, other short-term liquid investments and blocked deposits.

Financial liabilities

Financial liabilities are initially recognized with their fair values free from transaction costs.

Financial liabilities are recognized over their amortized costs using the effective interest method and with interest costs calculated over effective interest rate in subsequent periods. The effective interest method is the calculation of the amortized costs of the financial liabilities and the distribution of the related interest expenses to related periods. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period to the net present value of the financial liability.

Earnings per share

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

In Turkey, companies can increase their share capital through a pro-rata distribution of shares ("bonus shares") to existing shareholders from retained earnings and inflation adjustment to equity. For the purpose of earnings per share computations, the weighted average number of shares in existence during the period has been adjusted in respect of bonus share issues without a corresponding change in resources, by giving them retroactive effect

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for the period in which they were issued and each earlier period as if the event had occurred at the beginning of the earliest period reported.

Foreign currency translation

Foreign currency transactions and balances

Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The consolidated financial statements are presented in TL, which is Duran Doğan’s functional and presentation currency.

During the preparation of the financial statements of each entity, foreign currency transactions are translated into Turkish Lira (currencies other than TL) using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Turkish Lira using the exchange rates at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated to functional currency as Turkish Lira using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Currency translation differences are accounted for the period in profit or loss in which they are incurred except for the following cases:

- Currency translation differences which relate 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 foreign currency borrowings;
- Currency translation differences on transactions entered into in order to hedge certain foreign currency risks (see below for hedging accounting policies); and
- Currency translation 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.

The financial statements of subsidiaries operating in foreign countries

Assets and liabilities of subsidiaries operating in foreign countries are translated into TL at the exchange rates prevailing at the balance sheet dates. Comprehensive income items of those subsidiaries are translated into TL using average exchange rates for the period (if the average exchange rates for the period do not reasonably reflect the exchange rate fluctuations, transactions are translated using the exchange rates prevailing at the date of the transaction). Exchange differences arising from using average and balance sheet date rates are included in “currency translation differences” under the equity.

Events after the reporting period

Events after the reporting period are those events, favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue.

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The Group adjusts the amounts recognised in its consolidated financial statements to reflect the adjusting events after the balance sheet date. If non-adjusting events after the balance sheet date have material influence on the economic decisions of users of the consolidated financial statements, they are disclosed in the notes to the consolidated financial statements.

Provisions, contingent liabilities and contingent assets

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

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

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

Taxes on income

Turkish tax legislation does not permit a parent company to file a consolidated tax return. Therefore, tax liabilities, as recognised in consolidated financial statements, have been calculated on a separate-entity basis.

Income tax expense (or income) is the sum of the current tax expense and the deferred tax expense (or income).

Current tax

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

Deferred tax

Deferred tax assets and liabilities are determined by calculating the temporary differences between the amounts shown in the consolidated financial statements and the amounts considered in the statutory tax base in accordance with the balance sheet method. Deferred tax liabilities are recognized for all taxable temporary differences, whereas deferred tax assets resulting from deductible temporary differences are

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recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized. Deferred tax liability or asset is not calculated in respect of temporary timing differences arising from the initial recognition of assets or liabilities other than goodwill or business combinations and which do not affect both commercial and financial profit /loss.

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

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

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

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

Current and deferred tax for the period

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

Employee benefits/Employment termination benefits

Employment termination benefits

The provision for employment termination benefits, as required by Turkish Labour Law represents the present value of the future probable obligation of the Group arising from the retirement of its employees based on the actuarial projections. TAS 19 “Employee Benefits” requires actuarial assumptions (net discount rate, turnover rate to estimate the probability of retirement etc.) to estimate the entity’s obligation for employment termination benefits.

The effects of differences between the actuarial assumptions and the actual outcome together with the effects of changes in actuarial assumptions compose the actuarial gains/(losses) recognised in the accompanying consolidated financial statements. Actuarial gains and losses recognized under consolidated statement of other comprehensive income.

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Dividend and bonus payments

The Group recognises dividends and bonuses calculated based on a method that considering the profit of the shareholders after adjustments, as liabilities and expenses. The Group recognizes provisions where there is a contractual obligation incurred.

Statement of cash flow

Cash flows during the period are classified and reported by operating, investing and financing activities in the cash flow statements.

Capital and dividends

Common shares are classified under equity. Dividends from common shares recognised in the period which they approved and declared less retained earnings.

2.6 Significant accounting estimates and assumptions

The significant accounting estimates and assumptions applied by the Group are as follows:

In the process of applying the accounting policies disclosed in Note 2.5, the Group management realised the following estimates and assumptions that had significant material influence on the amounts recognized in the consolidated financial statements:

Economic useful lives of property, plant and equipment

The Group provides depreciation on property, plant and equipment, considering the useful lives disclosed in Note 10 and 11.

Inventory impairment

The Group has determined inventories with lower of acquisition cost or net realizable value. Accordingly, the Group allocated provision for imparment on inventories amounting to TL 2.845.188 (31 December 2022: TL 20.580.223).

Provision for doubtful receivables

The “simplified approach” is applied within the scope of impairment calculations of trade receivables that are recognized at amortized cost in the financial statements and do not contain a significant financing component (with a maturity less than 1 year). With this approach, in cases where trade receivables are not impaired for certain reasons (except for the impairment losses incurred), the provisions for losses related to trade receivables are measured at an amount equal to “lifetime expected credit losses”. As of 31 December 2023, the Group allocated provision for doubtful trade receivables amounting to TL 425.774 (31 December 2022: TL 557.456).

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Revaluation of land and buildings

The land and buildings acquired through leases have been subject to revaluation by independent appraisal firm Arz Taşınmaz Değerleme ve Danışmanlık Anonim Şirketi on 25 December 2023. Arz Taşınmaz Değerleme ve Danışmanlık Anonim Şirketi has been authorised by Capital Markets Board (“CMB”) and provides property valuation services in accordance with the legislation of Capital Markets Board and has adequate experience and qualifications in the fair value measurement of properties in the relevant geographical areas.

NOTE 3 – OPERATING SEGMENTS

The Group has applied TFRS 8 effective from 1 January 2013 and reportable segments have been determined in accordance with the internal reporting system reviewed by the General Assembly regarding the operations of the Group regularly.

The revenue arising from the reportable segments mainly include sales to Turkey, Europe, United States, Middle East and Africa and Asia Pacific geographical areas. The amounts reported considering the reportable segments of the Group in the accompanying consolidated financial statements for the years ended 31 December 2023 and 2022 are as follows:

01.01.2023 - 31.12.2023						
Turkey	Europe	United States	Middle East and Africa	Asia Pacific	Other	Total
812.581.687	587.060.142	46.762.494	67.820.817	309.558	5.103.953	1.519.638.651
01.01.2022 - 31.12.2022						
Turkey	Europe	United States	Middle East and Africa	Asia Pacific	Other	Total
889.926.728	1.136.661.442	65.949.837	102.407.129	999.350	24.754.202	2.220.698.688

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NOTE 4 – BUSINESS COMBINATIONS

The Group acquired Atlas Ofset Matbaacılık ve Ambalaj Sanayi ve Ticaret Anonim Şirketi ("Atlas Ofset"), operating in the same industry, with 100% effective ownership interest amounting to TL 43.152.705 on 4 December 2023. As a result of the relevant acquisition, the transaction was recognised in the accompanying consolidated financial statements for the year ended 31 December 2023, in accordance with TFRS 3 "Business Combinations", considering the financial statements of Atlas Ofset on 30 November 2023.

	30.11.2023
Cash and cash equivalents	1.193.673
Financial investments	1.024.897
Trade receivables	22.014.669
Other receivables	280.229
Inventories	24.790.445
Prepaid expenses	1.618.869
Current income tax assets	2.144.448
Other current assets	817.539
Property, plant and equipment and intangible assets	51.088.942
Financial liabilities	(10.422.731)
Trade payables	(19.871.617)
Other payables	(1.226.710)
Employee benefits	(1.402.555)
Short-term provisions for employee benefits	(808.458)
Deferred income	(1.677.015)
Current income tax liabilities	(2.015.151)
Long-term provisions for employee benefits	(5.430.892)
Deferred tax liabilities	(7.963.065)
Fair value of the net identifiable assets of acquired entity (100&)	54.155.517
Ownership interest of the acquiree (100.00%)	54.155.517
Gain on bargain purchase (-)	(11.002.812)
Consideration transferred	43.152.705
Cash and cash equivalents transferred (-)	(1.193.673)
Cash outflow in the consolidated statement of cash flows, net	41.959.032

NOTE 4 – BUSINESS COMBINATIONS

In accordance with TFRS 3 "Business combinations" the acquisition method was applied for the acquiree and acquirer under business combination. The fair value of identifiable assets and liabilities assumed are recognised at fair value and the relevant fair value considered as "Bargain purchase" in the accompanying consolidated financial statements since consideration transferred exceeds the fair value. Gain on bargain purchase is recognised in the consolidated statement of profit or loss.

Subsidiary	Acquisition date	Effective ownership interest (%)	Fair value of net identifiable assets (A)	Consideration transferred (B)	Non-controlling interests (c)	Gain on bargain purchase A-(B+C)
Atlas Ofset Matbaacılık Ambalaj Sanayi ve Ticaret A.Ş.	30.11.2023	100.00	54.155.517	43.152.705	--	11.002.812

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NOTE 5 – RELATED PARTY DISCLOSURES

a) Related party balances are as follows:

	31.12.2023	31.12.2022
Short-term trade payables due to related parties		
LGR International Societe Anonyme (*)	8.250.696	12.075.299
Koenig Bauer Duran Amb.Kar.Tek.San. (**)	1.112.067	1.375.241
	9.362.763	13.450.540
	31.12.2023	31.12.2022
Other payables due to related parties		
LGR International Societe Anonyme (*)	40.790.750	75.447.919
	40.790.750	75.447.919

(*) Other short-term payables due to related parties is arising from a borrowing at 3% + 12-month EURIBOR interest amounting to EUR 1.250.000 with a maturity of 31 December 2024 given to the Group by LGR International Societe Anonyme, which one of the shareholders of the Group. Interest has not been charged on trade receivables and payables due to/from related parties (31 December 2022: 3% + 12-month EURIBOR interest amounting to EUR 2.000.000 with a maturity of 31 January 2023).

(**) Represents entities managed by the shareholders.

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NOTE 5 – RELATED PARTY DISCLOSURES (continued)

a) Related party balances are as follows:

	01.01.-31.12.2023		01.01.-31.12.2022	
	Goods and services	Financing	Goods and services	Financing
Sales to related parties				
Koenig Bauer Duran Amb.Kar.Tek.San. A.Ş.	70.684	--	--	231.660
	70.684	--	--	231.660

	01.01.-31.12.2023		01.01.-31.12.2022	
	Goods and services	Financing	Goods and services	Financing
Purchases from related parties				
LGR International Societe Anonyme	8.074.841	--	14.081.038	1.553.703
Koenig Bauer Duran Amb.Kar.Tek.San. A.Ş.	4.228.410	--	9.728.520	--
	12.303.251	--	23.809.558	1.553.703

b) The key management of Duran Doğan is identified as the Chairman of the Board, Vice Chairman of the Board, other members of the Board of Directors and General Manager.

Key management compensation	01.01.-31.12.2023	01.01.-31.12.2022
Performance premium	11.499.469	32.568.087
Wages and salaries	22.077.464	24.814.385
Bonuses	3.590.346	3.688.961
Allowances	1.231.183	1.200.811
Other	849.053	705.759
	39.247.515	62.978.003

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NOTE 6– TRADE RECEIVABLES AND PAYABLES

a) Trade receivables

As of 31 December 2023, and 2022, the functional breakdown of trade receivables is as follows:

	31.12.2023	31.12.2022
Short-term trade receivables		
Trade receivables (current account balances)	397.541.326	351.322.394
Notes and cheques receivables	48.214.895	18.189.785
Doubtful trade receivables	681.040	1.938.680
	446.437.261	371.450.859
Deferred financial expenses (-)	(1.938.578)	--
Provision for doubtful trade receivables (-)	(681.040)	(1.938.680)
	443.817.643	369.512.179
Trade receivables due from third parties, net	443.817.643	369.512.179

The details of trade receivables are as follows:

The average maturity of trade receivables from domestic customers and foreign customers is 90 and 120 days, respectively. As of 31 December 2023, provision for doubtful trade receivables amounting to TL 425.774 (31 December 2022: TL 557.456) has been allocated in the accompanying consolidated financial statements.

The Group allocated provision for doubtful receivables considered as uncollectible. The provision has been determined considering the past payment performances of the customers. The Group assesses whether there has been a change in the credit quality of the receivables from the date of initial recognition to the reporting date while deciding trade receivables.

The Group management estimated that there is no provision required to be allocated exceeding the provision for doubtful receivables included in the accompanying consolidated financial statements.

The movement of provision for doubtful trade receivables is as follows:

	31.12.2023	31.12.2022
Beginning of the period – 1 January	1.938.680	1.381.224
Provisions no longer required	(921.311)	--
Additions	425.774	557.456
Monetary gains/(losses)	(762.103)	--
	681.040	1.938.680

The detailed analysis of guarantees and collaterals obtained against trade receivables is as follows:

	31.12.2023	31.12.2022
Credit insurance	58.767.816	44.672.931
	58.767.816	44.672.931

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NOTE 6– TRADE RECEIVABLES AND PAYABLES (continued)

b) Trade payables

As of 31 December 2023, and 2022, the functional breakdown of trade payables is as follows:

	31.12.2023	31.12.2022
Short-term trade payables		
Trade payables (current account balances)	210.327.621	189.438.820
Notes payable	3.610.358	--
Expense accruals	24.842	16.451.366
Deferred financial income (-)	(3.217.268)	(697.823)
Trade receivables due to third parties, net	210.745.553	205.192.363
Due to related parties (Note 6)	9.362.763	13.450.540
Short-term trade payables, net	220.108.316	218.642.903

The average maturity of the purchase of the raw materials and supplies is 100 days (31 December 2022: 67 days).

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NOTE 7 – OTHER RECEIVABLES

	31.12.2023	31.12.2022
Short-term other receivables		
Tax refunds	6.004.313	16.477.310
Deposits and guarantees given	7.787	18.634
Due from employee	309.019	61.823
Other	261.264	138.386
Short-term other receivables due from third parties, net	6.582.383	16.696.153
	31.12.2023	31.12.2022
Long-term other receivables		
Deposits and guarantees given	1.421.039	1.283.448
Due from employee	--	238.159
Long-term other receivables due from third parties, net	1.421.039	1.521.607

NOTE 7 – OTHER RECEIVABLES (continued)

	31.12.2023	31.12.2022
Short-term other payables		
Due to acquisition of Atlas Ofset	49.351.139	--
Other	330.892	--
Short-term other payables due to third parties, net	49.682.031	--
Due to related parties (*) (Note 5)	40.790.750	75.447.919
Short-term other payables due to related parties, net	40.790.750	75.447.919
Short-term other payables, net	90.472.781	75.447.919

(*) Other short-term payables due to related parties is arising from a borrowing at 3% + 12-month EURIBOR interest amounting to EUR 1.250.000 with a maturity of 31 December 2024 given to the Group by LGR International Societe Anonyme (31 December 2022: 3% + 12-month EURIBOR interest amounting to EUR 2.000.000 with a maturity of 31 January 2023). The interest accrual amounting to EUR 92.255 with the borrowing at 3% + 12-month EURIBOR in 2023 (31 December 2022: EUR 70.657).

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NOTE 8 - INVENTORIES

Inventories are carried at cost in the accompanying consolidated financial statements and provision for impairment is also presented for the inventories subject to impairment.

	31.12.2023	31.12.2022
Raw materials and supplies	129.881.716	276.413.762
Semi-finished goods	42.173.560	81.437.932
Goods	143.191.355	233.977.945
Merchandise	82.665	31.775
Other inventories	2.443.642	5.187.231
Provision for impairment (-)	(2.845.188)	(20.580.223)
	314.927.750	576.468.422

Total insurance coverage on inventories is amounting to EUR 9.500.000 (31 December 2022: EUR 6.500.000).

As of 31 December 2023 and 2022, the movement of provision for impairment on inventories is as follows:

	31.12.2023	31.12.2022
Beginning of the period – 1 January	(20.580.223)	(2.304.521)
Carried at cost	9.644.864	--
Increases during the period	--	(19.177.333)
Monetary gains/(losses)	8.090.171	901.631
End of the period – 31 December	(2.845.188)	(20.580.223)

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NOTE 9 – PREPAID EXPENSES AND DEFERRED INCOME

	31.12.2023	31.12.2022
Short-term prepaid expenses		
Advances given for inventories	8.716.589	9.086.309
Advances given for non-current assets	17.225.030	--
Insurance expenses	4.582.347	3.828.136
Subscription expenses	3.195.298	2.395.070
Other	3.903.541	4.177.977
Cash advances	26.773	4.943
Advances given to employees	160.116	114.852
	37.809.694	19.607.287
Long-term prepaid expenses		
Advances given for non-current assets	--	22.536.277
Prepaid expenses	292.300	753.653
	292.300	23.289.930
	31.12.2023	31.12.2022
Short-term deferred income		
Advances received	38.952.384	7.170.502
Short-term deferred income	3.514.789	13.784.832
	42.467.173	20.955.334
Long-term deferred income		
Long-term deferred income	647.368	1.132.893
	647.368	1.132.893

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NOTE 10 – PROPERTY, PLANT AND EQUIPMENT AND RIGHT OF USE ASSETS

a-) Property, plant and equipment

As of 31 December 2023 and 2022, the movements for property, plant and equipment, and related depreciation are as follows:

	Opening balance – 1 January 2023	Additions	Business combinations	Disposals	Transfers	Closing balance – 31 December 2023
Cost						
Land improvements	--	--	211.850	--	--	211.850
Plant, machinery and equipment	749.329.405	9.345.243	321.071.072	(15.377.977)	36.752.107	1.101.119.850
Motor vehicles	457.210	4.043.377	3.953.093	--	--	8.453.680
Furniture and fixtures	156.152.940	9.147.266	12.654.989	(298.822)	435.195	178.091.568
Leasehold improvements	44.535.587	15.165.474	5.113.796	(125.784)	--	64.689.073
Constructions in progress	7.917.586	9.760.699	34.726	--	(2.005.405)	15.707.606
	958.392.728	47.462.059	343.039.526	(15.802.583)	35.181.897	1.368.273.627
Accumulated depreciation (-)						
Land improvements	--	1.766	146.530	--	--	148.296
Plant, machinery and equipment	476.425.338	53.756.240	272.968.041	(15.377.977)	13.538.192	801.309.834
Motor vehicles	457.214	95.474	1.534.304	--	--	2.086.992
Furniture and fixtures	116.556.960	11.421.945	12.210.992	(183.407)	--	140.006.490
Leasehold improvements	33.659.293	6.120.240	5.113.796	(125.784)	--	44.767.545
	627.098.805	71.395.665	291.973.663	(15.687.168)	13.538.192	988.319.157
Net book value	331.293.923					379.954.470
Cost						
Plant, machinery and equipment	724.637.740	24.795.241	--	(103.576)	--	749.329.405
Motor vehicles	457.210	--	--	--	--	457.210
Furniture and fixtures	142.130.295	15.731.228	--	(1.708.583)	--	156.152.940
Leasehold improvements	42.594.271	1.995.164	--	(53.848)	--	44.535.587
Constructions in progress	3.667.590	5.055.416	--	(805.420)	--	7.917.586
	913.487.106	47.577.049		(2.671.427)		958.392.728
Accumulated depreciation (-)						
Plant, machinery and equipment	424.170.045	52.358.869	--	(103.576)	--	476.425.338
Motor vehicles	373.392	83.822	--	--	--	457.214
Furniture and fixtures	107.128.998	11.135.033	--	(1.707.071)	--	116.556.960
Leasehold improvements	27.901.832	5.811.309	--	(53.848)	--	33.659.293
	559.574.267	69.389.033		(1.864.495)		627.098.805
Net book value	353.912.839					331.293.923

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Total insurance coverage on property, plant and equipment is amounting to EUR 44.380.750 (31 December 2022: EUR 47.774.468).

NOTE 10 – PROPERTY, PLANT AND EQUIPMENT AND RIGHT OF USE ASSETS (continued)

b-) Right of use assets

As of 31 December 2023 and 2022, the movements for right of use assets, and related depreciation are as follows:

	Opening balance – 1 January 2023	Additions	Disposals	Revaluation surplus	Transfers	Closing balance – 31 December 2023
Cost						
Land	270.186.394	--	--	3.105.606		273.292.000
Buildings	234.005.888	32.794.516	(153.100)	34.307.012		300.954.316
Motor vehicles	19.891.850	59.996	(12.826.660)	--		7.125.186
Machinery and equipment	134.560.156	2.735.094	(2.167.225)	--	(35.181.897)	99.946.128
	658.644.288	35.589.606	(15.146.985)	37.412.618	(35.181.897)	681.317.630
Accumulated depreciation (-)						
Buildings	80.849.632	25.345.340	(90.927)			106.104.045
Motor vehicles	15.974.290	3.140.057	(12.826.660)			6.287.687
Machinery and equipment	47.647.573	9.325.623	(2.167.225)		(13.538.192)	41.267.779
	144.471.495	37.811.020	(15.084.812)	--	(13.538.192)	153.659.511
Net book value	514.172.793					527.658.119

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

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	Opening balance – 1 January 2022	Additions	Disposals	Revaluation surplus	Transfers	Closing balance – 31 December 2022
Cost						
Land	157.192.654	--	--	112.993.740	--	270.186.394
Buildings	147.086.943	--	--	86.918.945	--	234.005.888
Motor vehicles	19.891.850	--	--	--	--	19.891.850
Machinery and equipment	134.560.156	--	--	--	--	134.560.156
	458.731.603	--	--	199.912.685	--	658.644.288
Accumulated depreciation (-)						
Buildings	65.786.140	15.063.492	--	--	--	80.849.632
Motor vehicles	11.383.385	4.590.905	--	--	--	15.974.290
Machinery and equipment	34.803.761	12.843.812	--	--	--	47.647.573
	111.973.286	32.498.209	--	--	--	144.471.495
Net book value	346.758.317					514.172.793

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NOTE 10 – PROPERTY, PLANT AND EQUIPMENT AND RIGHT OF USE ASSETS (continued)

b-) Right of use assets (continued)

The fair value measurement of land and buildings

The land and building owned by the Group in Hadımköy are carried at cost in the accompanying consolidated financial statements less accumulated depreciation and impairment. The land and buildings acquired through leases have been subject to revaluation by independent appraisal firm Arz Taşınmaz Değerleme ve Danışmanlık Anonim Şirketi on 25 December 2023. Arz Taşınmaz Değerleme ve Danışmanlık Anonim Şirketi has been authorised by Capital Markets Board (“CMB”) and provides property valuation services in accordance with the legislation of Capital Markets Board and has adequate experience and qualifications in the fair value measurement of properties in the relevant geographical areas.

The fair value of the land has been determined in accordance with the Market Approach (“MA”) which is a property appraisal method that compares one property to comparables or other recently sold properties in the area with similar characteristics.

As of 31 December 2023, and 2022, the detailed analysis and the measurement of fair value hierarchy categories of the land and building are as follows:

	31.12.2023	Level 1	Level 2	Level 3
Land	273.292.000	--	273.292.000	--
Building	300.954.316	--	300.954.316	--
	574.246.316	--	574.246.316	--
	31.12.2022	Level 1	Level 2	Level 3
Land	270.186.394	--	270.186.394	--
Building	234.005.888	--	234.005.888	--
	504.192.282	--	504.192.282	--

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If the revaluation of the land and buildings presented under right of use assets are carried at cost, the detailed analysis of the relevant amounts is as follows:

	31.12.2023	31.12.2022
Land	50.557.622	50.557.622
Building	155.613.546	155.613.546
Accumulated depreciation- Building	(48.499.862)	(43.928.566)
	157.671.306	162.242.602

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

	Economic useful lives (years)
Land improvements	10 - 50
Buildings	5 - 50
Plant, machinery and equipment	4 - 20
Motor vehicles	1 - 5
Furniture and fixtures	4 - 20
Leasehold improvements	5 - 10

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NOTE 11 – INTANGIBLE ASSETS

As of 31 December 2023 and 2022, the movements for intangible assets, and related depreciation are as follows:

	Opening balance – 1 January 2023	Additions	Business combinations	Currency translation differences	Closing balance – 31 December 2023
Cost					
Rights	51.783.279	651.896	3.479.707	--	55.914.882
Capitalised development costs	6.403.085	--	--	2.175	6.405.260
	58.186.364	651.896	3.479.707	2.175	62.320.142
Accumulated depreciation (-)					
Rights	44.913.711	1.412.672	3.457.980	--	49.784.363
Capitalised development costs	4.525.569	617.292	--	--	5.142.861
	49.439.280	2.029.964	3.457.980	--	54.927.224
Net book value	8.747.084				7.392.918
	Opening balance – 1 January 2022	Additions	Business combinations	Currency translation differences	Closing balance – 31 December 2022
Cost					
Rights	50.674.326	1.108.953	--	--	51.783.279
Capitalised development costs	6.468.345	--	--	(65.260)	6.403.085
	57.142.671	1.108.953	--	(65.260)	58.186.364
Accumulated depreciation (-)					
Rights	42.542.736	2.370.975	--	--	44.913.711
Capitalised development costs	3.770.237	755.332	--	--	4.525.569
	46.312.973	3.126.307	--	--	49.439.280
Net book value	10.829.698				8.747.084

Depreciation and amortisation charges amounting to TL 102.486.564, TL 884.629 and TL 7.865.456 have been included in cost of sales, marketing and sales expenses and general administrative expenses, respectively (31 December 2022: TL 98.928.970, TL 211.346 and TL 5.873.233, respectively).

The depreciation periods for intangible assets, which approximate the economic useful lives of such assets, are as follows:

	Economic useful lives (years)
Rights	3 - 15
Capitalised development costs	5

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NOTE 12 – PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

	31.12.2023	31.12.2022
Short-term provisions		
Provision for royalty	131.041	172.600
Other short-term provisions, net	131.041	172.600

The movement of provisions is as follows:

	31.12.2023	31.12.2022
Beginning of the period – 1 January	172.600	85.245
Additions	131.041	172.600
Payments during the period	(104.750)	(85.245)
Monetary gains/(losses)	(67.850)	--
	131.041	172.600

a) Guarantees and collaterals given

Collaterals/pledges/mortgages ("CPM") of the Group as of 31 December 2023 and 2022 are as follows:

31.12.2023	TL equivalent	TL	GBP	EUR
A. Total amount of CPM's given in the name of its own legal personality				
-Collaterals	136.290.755	2.691.771	--	4.101.412
-Pledges	299.679.880	--	--	9.200.000
-Mortgages	--	--	--	--
B. Total amount of CPM's given on behalf of the fully consolidated companies	--	--	--	--
C. Total amount of CPM's given on behalf of third parties for ordinary course of business	--	--	--	--
D. Total amount of other CPM's given	--	--	--	--
<i>i. Total amount of CPM's given on behalf of the majority shareholder</i>	--	--	--	--
<i>ii. Total amount of CPM's given on behalf of other companies which are not in scope of B and C above</i>	--	--	--	--
<i>iii. Total amount of CPM's given on behalf of third parties which are not in scope of C</i>	--	--	--	--
	435.970.635	2.691.771	0	13.301.412
Other CPMs to Group's equity	0%	0%	0%	0%

31.12.2023	Issued to institution/Organization/Entity	Currency	Original currency amount	TL equivalent
Type				
Pledges	Banks	EUR	9.200.000	299.679.880
Letter of guarantee	Government	TL	2.691.771	2.691.771
Letter of guarantee	Banks	EUR	4.101.412	133.598.984
Total				435.970.635

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NOTE 12 – PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS (continued)

a) Guarantees and collaterals given (continued)

31.12.2022	TL equivalent	TL	GBP	EUR
A. Total amount of CPM’s given in the name of its own legal personality				
-Collaterals	159.298.510	4.712.828	220.000	4.458.000
-Pledges	302.195.312	--	--	9.200.000
-Mortgages	--	--	--	--
B. Total amount of CPM’s given on behalf of the fully consolidated companies	--	--	--	--
C. Total amount of CPM’s given on behalf of third parties for ordinary course of business	--	--	--	--
D. Total amount of other CPM’s given	--	--	--	--
<i>i. Total amount of CPM’s given on behalf of the majority shareholder</i>	--	--	--	--
<i>ii. Total amount of CPM’s given on behalf of other companies which are not in scope of B and C above</i>	--	--	--	--
<i>iii. Total amount of CPM’s given on behalf of third parties which are not in scope of C</i>	--	--	--	--
	461.493.822	4.712.828	220.000	13.658.000
Other CPMs to Group’s equity	0%	0%	0%	0%

31.12.2022	Issued to institution/Organization/Entity	Currency	Original currency amount	TL equivalent
Type				
Pledges	Banks	EUR	9.200.000	302.195.312
Letter of guarantee	Government	TL	4.712.828	4.712.828
Letter of guarantee	Banks	EUR	4.458.000	146.433.337
Letter of guarantee	Banks	GBP	220.000	8.152.344
Total				461.493.821

As of 31 December 2023, the ratio of collaterals, pledges and mortgages to equity given by the Group is 0% (31 December 2022: 0%).

NOTE 12 – PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS (continued)

a) Guarantees and collaterals given (continued)

As of 31 December 2023, the Group has guarantees given for its bank borrowings amounting to TL 435.970.635 which includes letter of guarantees amounting to TL 136.290.755 and the remaining guarantees were pledges given to European Bank for Reconstruction and Development (“EBRD”) and Sudwestbank AG amounting to TL 299.679.880 (31 December 2022: letter of guarantee amounting to TL 159.298.509 and pledges amounting to TL 302.195.312).

In addition, the Group has bill of guarantees given to European Bank for Reconstruction and Development (“EBRD”) amounting to EUR 4.500.000 at the end of the annual reporting period as of 31 December 2023.

b) Lawsuits filed in favour/against the Group

As of 31 December 2023, the Group has 11 (31 December 2022: 13) ongoing reemployment and claim for damages

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lawsuits against the Group. Considering the attorney's letter regarding the ongoing lawsuits, and provision for lawsuits has not been allocated in the accompanying consolidated financial statements since no possible cash outflow is estimated as of the reporting date.

NOTE 13 – EMPLOYEE BENEFITS

Provision for employee benefits

	31.12.2023	31.12.2022
Provision for employee benefits		
Social security premium payables	4.707.324	3.370.270
Due to employee	7.148.724	8.935.726
	11.856.048	12.305.996

Short-term provisions for employee benefits

	31.12.2023	31.12.2022
Short-term provisions		
Provision for unused vacation	4.014.805	3.518.573
Provision for premium	9.749.727	63.416
	13.764.532	3.581.989

Long-term provisions for employee benefits

Provision for employment termination benefits

Under Turkish Labour Law, Duran Doğan and its subsidiaries, are required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, who is called up for military service, dies or retires after completing 25 years of service (20 years for women) and reaches the retirement age (58 for women and 60 for men). As of 31 December 2023, the amount payable consists of one month's salary limited to a maximum of TL 35.058,58 (31 December 2022: TL 15.371,40) for each year of service.

The liability is not funded as there is no funding requirement. The provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. TAS 19 ("Employee Benefits") requires actuarial valuation methods to be developed to estimate the entity's obligation under defined benefit plans. Accordingly, the following actuarial assumptions are used in the calculation of total liabilities:

The principal assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. As of 31 December 2023, the provisions in the accompanying consolidated financial statements are calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees.

As of the 31 December 2023, the provisions at the respective balance sheet date have been calculated for an annual inflation rate of 27% and an interest rate of 28.65% resulting in a discount rate of 1.30% (31 December 2022: 3.28%).

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	31.12.2023	31.12.2022
Net discount rate (%)	1.30%	3.28%
Annual interest rate (%)	28.65%	26.00%
Inflation rate (%)	27.00%	22.00%
Turnover rate to estimate the probability of retirement (%)	96.66%	96.12%
Ceiling amount	35.058,58	15.371,40

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

	01.01 - 31.12.2023	01.01 - 31.12.2022
Beginning of the period - 1 January	31.146.422	23.736.180
Service cost	34.101.751	2.999.043
Interest cost	5.414.747	3.756.877
Payments during the period	(25.550.931)	(2.749.803)
Actuarial gains/(losses)	4.740.886	12.690.777
Monetary gains/(losses)	(12.243.788)	(9.286.652)
End of the period - 31 December	37.609.087	31.146.422

NOTE 14 – OTHER ASSETS, LIABILITIES AND FINANCIAL INVESTMENTS

Other current assets

	31.12.2023	31.12.2022
Other current assets		
Deferred VAT	712.436	10.326
Other	77.069	--
	789.505	10.326

Other current liabilities

	31.12.2023	31.12.2022
Other current liabilities		
Taxes payable	17.187.688	61.412.947
	17.187.688	61.412.947

Financial investments

	31.12.2023	31.12.2022
Currency-protected deposits	1.087.227	--
Futures and Options Market ("VİOP") derivatives	--	17.930.586
	1.087.227	17.930.586

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NOTE 15 - EQUITY

a) Share capital

As of 31 December 2023, and 2022, the principal shareholders and their respective shareholding rates in Duran Doğan are as follows:

	31.12.2023		31.12.2022	
	Share (%)	Amount	Share (%)	Amount
LGR International Societe Anonyme	30.00%	30.000.003	30.00%	10.500.001
Dikran Mihran Acemyan	9.28%	9.277.538	9.76%	3.415.238
Oktay Duran	8.04%	8.039.803	8.30%	2.906.068
İbrahim Okan Duran	7.95%	7.952.433	7.95%	2.783.352
Dikran Acemyan	7.29%	7.289.006	7.57%	2.651.152
Other	37.44%	37.441.217	36.41%	12.744.189
Nominal share capital	100%	100.000.000	100%	35.000.000
Adjustment to share capital		370.003.830		363.533.197
Total share capital		470.003.830		398.533.197

The current issued paid-in share capital consists of 10.000.000.000 (2022: 3.500.000.000) outstanding shares each with a nominal value of TL 0.01 (2022: TL 0.01).

b) Restricted reserves

Restricted reserves	31.12.2023	31.12.2022
Legal reserves (*)	15.120.098	9.152.669
Treasury reserves	4.156.965	--
	19.277.063	9.152.669

The legal reserves consist of first and second legal reserves, appropriated in accordance with the Turkish Commercial Code (TCC). The TCC stipulates that the first legal reserve is appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Group's historical paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the historical paid-in share capital. Under TCC, the legal reserves are not available for distribution unless they exceed 50% of the historical paid-in share capital but may be used to offset losses in the event that historical general reserve is exhausted.

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c) Retained earnings

As of 31 December 2023, and 2022, the movement of retained earnings is as follows:

	31.12.2023	31.12.2022
Beginning of the period – 1 January	(11.572.474)	(55.784.090)
Revaluation of classification of depreciation	3.118.470	(4.153.528)
Profit for the period	498.355.406	49.971.790
Capital increases	(71.470.633)	--
Dividends paid	(32.250.708)	--
Acquisition of a subsidiary	(44.698.694)	--
Transfer to legal reserves	(9.668.978)	(1.606.646)
End of the period – 31 December	331.812.389	(11.572.474)

In accordance with the Capital Markets Board Bulletin published on 7 March 2024, the disclosures regarding the Group's restated equity accounts in accordance with TAS 29 is as follows:

Share capital	PPI Indexed Statutory Records	CPI Indexed Statutory Records	Retained earnings, net
Adjustment to share capital	409.373.128	370.003.830	(39.369.298)
Treasury shares (-)	(3.889.845)	(4.156.965)	(267.120)
Share premium	120.525	59.859	(60.666)
Restricted reserves	18.318.945	15.120.098	(3.198.847)
	423.922.753	381.026.822	(42.895.931)

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NOTE 16 – REVENUE AND COST OF SALES

As of 31 December 2023 and 2022, the functional breakdown of revenue and cost of sales is as follows:

Revenue	01.01. - 31.12.2023	01.01. - 31.12.2022
Domestic sales	808.314.621	876.769.179
Foreign sales	707.056.964	1.330.771.960
Other sales	4.267.066	13.157.549
Gross sales	1.519.638.651	2.220.698.688
Sales returns (-)	(10.841.067)	(15.567.085)
Sales discounts (-)	(1.240.192)	(4.923.443)
Net sales	1.507.557.392	2.200.208.160

As of 31 December 2023, gross sales realised as amounting to TL 812.581.687, TL 587.060.142, TL 46.762.494, TL 67.820.817, TL 309.558 and TL 5.103.953 to Turkey, Europe, United States, Middle East and Africa, Asia Pacific and other regions, respectively (31 December 2022: TL 889.926.728, TL 1.136.661.442, TL 65.949.837, TL 102.407.129, TL 999.350 and TL 24.754.202, respectively).

Cost of sales	01.01. - 31.12.2023	01.01. - 31.12.2022
Raw materials and supplies	563.047.979	900.136.968
Direct labor costs	112.477.858	75.967.455
General administrative expenses	212.321.944	211.485.741
Depreciation and amortisation charges	102.486.564	98.928.965
Cost of inventories, net	990.334.345	1.286.519.129
Changes in semi-finished goods		
- Beginning of the period	81.437.932	55.899.508
- Acquisition of a subsidiary	12.062.698	-
- End of the period (-)	(42.173.560)	(81.437.932)
Changes in goods		
- Beginning of the period	233.977.945	167.376.748
- Acquisition of a subsidiary	3.705.595	-
- End of the period (-)	(143.191.355)	(233.977.945)
Cost of goods sold	1.136.153.600	1.194.379.508
Changes in merchandise	31.775	20.928
Additions	2.991.813	18.706.745
- Acquisition of a subsidiary	49.823	-
- End of the period (-)	(82.665)	(31.775)
Cost of merchandise sold	2.990.746	18.695.898
Cost of services sold	--	--
Other cost of sales	40.889.500	19.972.129
Cost of sales, net	1.180.033.846	1.233.047.535

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NOTE 17 – GENERAL ADMINISTRATIVE AND MARKETING EXPENSES

As of 31 December 2023, and 2022, the functional breakdown of general administrative expenses and marketing expenses is as follows:

Marketing expenses	01.01. - 31.12.2023	01.01. - 31.12.2022
Personnel expenses	15.037.822	11.538.828
Transportation and distribution expenses	74.420.265	242.306.134
Export commissions	8.751.460	13.828.134
Royalty expenses	898.866	841.937
Travel and accommodation expenses	1.464.757	2.217.432
Communication and IT expenses	788.921	599.062
International marketing expenses	18.299.010	28.772.675
Representation and hospitality expenses and fair and exhibition costs	3.537.359	3.836.171
Depreciation and amortisation charges	884.629	211.346
Other	5.404.990	4.527.156
	129.488.079	308.678.875
General administrative expenses	01.01. - 31.12.2023	01.01. - 31.12.2022
Personnel expenses	79.239.067	85.897.089
Consultancy expenses	6.781.529	18.076.705
Travel and accommodation expenses	4.737.071	4.553.592
Stationery expenses	2.873.881	3.891.381
Insurance expenses	894.279	1.376.071
Maintenance and repair expenses	1.158.580	819.335
Communication and IT expenses	295.519	198.019
Litigation and notary costs, fees and charges	281.994	186.536
Taxes, duties and charges	2.037.209	156.168
Depreciation and amortisation charges	7.865.456	5.873.233
Other	12.363.376	9.890.770
	118.527.961	130.918.899

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NOTE 18 – EXPENSES BY NATURE

Expenses by nature represents the total of cost of sales, marketing expenses and general administrative expenses.

As of 31 December 2023, and 2022, the details of expenses by nature are as follows:

Expenses by nature	01.01. - 31.12.2023	01.01. - 31.12.2022
Personnel expenses	94.276.889	97.435.916
Depreciation and amortisation charges	111.236.649	105.013.549
Raw materials and supplies	563.047.979	900.136.968
Direct labor costs	112.477.858	75.967.455
Consumable costs	39.024.239	38.870.547
Maintenance and repair expenses	37.956.821	37.472.651
Utility expenses	37.869.642	37.720.497
Distribution and storage expenses	77.405.101	245.279.215
Subcontractor labor costs	18.793.638	18.719.622
Export commissions	8.751.460	13.828.134
International marketing expenses	18.299.010	28.772.675
Consultancy expenses	8.582.429	19.870.512
Travel and accommodation expenses	7.104.592	7.670.232
Communication expenses	1.918.474	1.627.830
Stationery expenses	3.811.635	4.825.441
IT expenses	3.978.237	3.962.569
Security costs	5.835.262	5.812.281
Transportation costs	12.574.156	12.524.634
Representation and hospitality expenses and fair and exhibition costs	3.537.359	3.836.171
Insurance expenses	13.690.036	14.121.433
Changes in inventories	148.810.001	(73.443.723)
Other	99.068.419	72.620.700
	1.428.049.886	1.672.645.309

NOTE 19 – OTHER OPERATING INCOME/(EXPENSES)

As of 31 December 2023 and 2022, the breakdown of other operating income is as follows:

Other operating income	01.01. - 31.12.2023	01.01. - 31.12.2022
Foreign exchange gains	353.764.291	164.689.829
Insurance income	--	4.167.595
Deferred financial income	2.793.762	--
Provisions no longer required	921.311	--
Income from scrap sales	143.858	--
Rent income	40.654	61.124
Other	4.606.658	1.934.966
	362.270.534	170.853.514

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As of 31 December 2023 and 2022, the breakdown of other operating expenses is as follows:

Other operating expenses	01.01. - 31.12.2023	01.01. - 31.12.2022
Foreign exchange losses	250.017.843	136.118.590
Provision for doubtful receivables	459.752	107.219
Non-accrued financial expenses	1.938.578	408.541
Other	9.724.711	4.846.692
	262.140.884	141.481.042

NOTE 20 - GAINS/ (LOSSES) FROM INVESTMENT ACTIVITES

As of 31 December 2023 and 2022, the detailed analysis of gains and losses from investment activities are as follows:

Gains from investment activities	01.01. - 31.12.2023	01.01. - 31.12.2022
Gain on sale of securities	1.575.002	195.370
Gain on bargain purchase	11.002.812	--
Gain on derivative transactions	--	2.374.718
	12.577.814	2.570.088
Losses from investment activities	01.01.- 31.12.2023	01.01.- 31.03.2022
Loss on sale of securities	137.175	1.408.757
Loss on derivative transactions	--	15.321.713
	137.175	16.730.470

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NOTE 21 - FINANCIAL INCOME/(EXPENSES)

As of 31 December 2023 and 2022, the detailed analysis and functional breakdown of financial income and expenses are as follows:

Financial income	01.01. - 31.12.2023	01.01. - 31.12.2022
Interest income	3.798.953	2.765.068
	3.798.953	2.765.068
Financial expenses	01.01. - 31.12.2023	01.01. - 31.12.2022
Foreign exchange losses	128.643.434	144.717.672
Interest expenses	28.263.804	57.082.960
Bank commissions	8.729.083	435.760
Interest expenses arising from finance leases	6.394.029	19.604.431
Factoring expenses	9.446.338	--
Other	324.654	5.766.981
	181.801.342	227.607.804

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NOTE 22 – OTHER COMPREHENSIVE INCOME ITEMS

As of 31 December 2023 and 2022, the details of other comprehensive income items are as follows:

Items not to be reclassified to profit or loss	01.01. - 31.12.2023	01.01. - 31.12.2022
Loss on remeasurements of defined benefit plans	(4.740.886)	(12.690.777)
Taxes relating to other comprehensive income items	1.185.222	2.538.155
Gains/(losses) on reclassification and/or reclassification of property, plant and equipment	37.412.619	199.912.685
Current period tax expenses from other comprehensive income items	(30.003.692)	(28.683.162)
	3.853.263	161.076.901
Items to be reclassified to profit or loss	01.01. - 31.12.2023	01.01. - 31.12.2022
Currency translation differences	(597.281)	(10.793.409)
	(597.281)	(10.793.409)
Other comprehensive income/(expenses)	3.255.982	150.283.492
	01.01. - 31.12.2023	01.01. - 31.12.2022
Loss on remeasurements of defined benefit plans	(21.664.458)	(11.511.834)
Beginning of the period – 1 January	(4.740.888)	(12.690.779)
Changes during the period, net	1.185.222	2.538.155
Taxes relating to other comprehensive income items	(25.220.124)	(21.664.458)

NOTE 22 – OTHER COMPREHENSIVE INCOME ITEMS (continued)

Gains/(losses) on reclassification and/or reclassification of property, plant and equipment	01.01. - 31.12.2023	01.01. - 31.12.2022
Beginning of the period – 1 January	175.383.051	--
Additions from revaluation of property, plant and equipment	37.412.619	199.912.685
Current period tax expenses from other comprehensive income items	(30.003.692)	(28.683.162)
Gain on acquisition from a subsidiary	33.240.466	--
Transfer to legal reserves	(3.118.470)	4.153.528
	212.913.974	175.383.051
	01.01. - 31.12.2023	01.01. - 31.12.2022
Currency translation differences	(34.101.345)	(23.307.936)
Beginning of the period – 1 January	(597.281)	(10.793.409)
Changes during the period, net	(34.698.626)	(34.101.345)

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NOTE 23 – INCOME TAXES

Corporate tax

The Group operating in Turkey, are subject to the tax legislation and practices in force in Turkey. Therefore, provisions for taxes, as recognised in the accompanying consolidated financial statements. Turkish tax legislation does not permit a parent company to file a consolidated tax return. Therefore, tax liabilities, as recognised in consolidated financial statements, have been calculated on a separate-entity basis. As of 31 December 2023, corporate tax rate applied is 25% (2022: 23%).

Advance tax in Turkey is calculated and accrued on a quarterly basis. Accordingly, the Group has been calculated tax in accordance with the 2023 corporate earnings in the first advance tax period, an advance tax of 25% was calculated on corporate earnings (31 December 2022: 23%).

The corporate tax to be accrued on the taxable income is calculated on the basis of the deduction of the expenses that cannot be deducted from the tax base expense in the determination of the earnings, and the amount of dividends received from domestic companies is calculated over taxable income and investment allowances.

According to Turkish Corporate Tax Law, losses can be carried forward to offset the future taxable income for a maximum period of 5 years. On the other hand, such losses cannot be carried back to offset prior years' profits.

According to Corporate Tax Law Article numbered 24, the corporate tax is imposed by the taxpayer's tax returns. Companies file their corporate tax returns between 1-25 April following the close of the accounting year. In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns by the 25th of the fourth month following the close of the financial year to which they relate. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

The corporate effective tax rate applied in the United Kingdom in 2023 is 19% (2022: 19%).

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NOTE 23 – INCOME TAXES (continued)

Deferred tax

Duran Doğan and its subsidiaries recognise deferred tax assets and liabilities based upon temporary differences arising between their financial statements prepared in accordance with TFRS and the Turkish tax legislations. These differences usually due to the recognition of revenue and expenses in different reporting periods for the TFRS and tax purposes, the differences explained as below.

Turkish tax legislation does not permit a parent company to file a consolidated tax return. Therefore, tax liabilities, as recognised in consolidated financial statements, have been calculated on a separate-entity basis. Accordingly, deferred tax assets and liabilities of the consolidated entities are also presented separately without offsetting in the accompanying consolidated financial statements.

The applicable tax rates used in the calculation of deferred tax are 25% as of 31 December 2023 in the accompanying consolidated financial statements (31 December 2022: 20%).

As of 31 December 2023 and 2022, the breakdown of tax income/(expense) recognised in the consolidated statement of profit or loss is as follows:

	01.01. - 31.12.2023	01.01. - 31.12.2022
Current period corporate tax expense	(22.598.550)	(63.971.955)
Deferred income tax	55.304.301	122.922.016
	32.705.751	58.950.061

As of 31 December 2023 and 2022, the breakdown of tax assets/(liabilities) recognised in the consolidated statement of financial position is as follows:

	31.12.2023	31.12.2022
Current period corporate tax expense	25.056.109	63.940.666
Prepaid taxes (-)	(8.356.627)	(48.722.462)
Current income tax liabilities, net	16.699.482	15.218.204
Deferred tax assets	(74.978.523)	(55.957.180)
Total tax income/(expense)	(58.279.041)	(40.738.976)

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NOTE 23 – INCOME TAXES (continued)

Deferred tax (continued)

Temporary differences arising from the differences between the years in the income and expenses recognised for accounting and tax purposes. As of 31 December 2023, and 2022, the breakdown of cumulative temporary differences and deferred tax assets and liabilities provided using principal tax rates are as follows:

	Cumulative temporary differences		Deferred tax	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Deferred tax assets				
Temporary differences arising from tax bases and carrying value of property, plant and equipment and intangible assets	545.868.935	310.910.590	136.467.234	62.182.119
Gain on fair value of property, plant and equipment	(321.024.381)	(252.171.179)	(66.335.196)	(28.471.358)
Provision for employment termination benefits	37.609.087	31.146.422	9.375.432	6.229.283
Provision for unused vacation	4.014.805	3.518.572	1.003.702	703.714
Adjustments for TFRS 9	115.202	133.835	28.801	26.767
Adjustments for TFRS 15	2.607.596	10.109.336	651.900	2.021.866
Inventories (Adjustments for profit elimination and discharge)	17.500.929	66.613.091	4.375.232	13.322.619
Provision for inventory impairment	2.845.188	20.580.223	711.297	4.116.044
Provision for doubtful receivables	544.200	1.713.205	136.050	342.640
Cut-off	647.368	1.618.425	161.842	323.685
Adjustments for turnover bonus	--	(2.536.495)	--	(507.300)
Adjustments for TAS 29	(23.674.443)	(27.731.163)	(5.918.611)	(5.546.232)
Adjustments for interest income on borrowings	940.332	11.917.239	235.083	2.383.449
Adjustments for currency translation differences	1.442.949	32.467	346.305	6.494
Deferred financial income and expenses (net)	(1.278.690)	(697.823)	(319.673)	(139.564)
Adjustments for TFRS 29	(8.607.641)	(5.628.987)	(2.151.910)	(1.125.798)
Other	(15.155.858)	443.755	(3.788.965)	88.752
Deferred tax assets, net			74.978.523	55.957.180

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Movements in deferred tax assets/(liabilities) are as follows:

	01.01. - 31.12.2023	01.01. - 31.12.2022
Beginning of the period – 1 January	55.957.180	(40.819.830)
Deferred income tax during the period	55.304.301	122.922.017
Business combinations	(7.464.488)	--
Charge to equity	(28.818.470)	(26.145.007)
End of the period - 31 December	74.978.523	55.957.180

The reconciliation of the effective tax charge and income tax expenses in the consolidated statement of profit or loss are summarised are as follows:

	01.01. - 31.12.2023	01.01. - 31.12.2022
Profit before tax	84.008.991	439.404.872
Taxes calculated at domestic tax rate – 25% (2022: 23%)	(21.002.248)	(101.063.121)
Tax effect		
- Deferred tax from revaluation	--	167.551.151
- Inflation effect from CTL, net	53.850.884	--
- Non-deductible expenses	(2.422.531)	(3.848.896)
- Tax rate differences/changes	--	(5.576.889)
- Tax deductions and allowances	1.999.452	2.669.371
- Other	280.194	(781.555)
Tax income/(expense)	32.705.751	58.950.061

NOTE 24 – EARNINGS PER SHARE

Basic earnings per share disclosed in the profit or loss and other comprehensive income is determined by dividing the net income by the weighted average number of shares that have been outstanding during the relevant period. Number of total shares and calculation of earnings per share for the year ended 31 December 2023 and 2022 is as follows:

	01.01. - 31.12.2023	01.01. - 31.12.2022
Profit for the period attributable to equity holders of the parent	116.714.742	498.354.933
Weighted average number of shares	55.479.452	35.000.000
Earnings per share	2.1037	14.2387

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NOTE 25 – FINANCIAL INSTRUMENTS

Financial liabilities

As of 31 December 2023, and 2022, the details of financial liabilities are as follows:

Short-term borrowings	31.12.2023	31.12.2022
Bank borrowings	74.391.748	289.728.414
Lease liabilities	34.890.601	71.524.820
Credit card payables	3.311.299	1.564.141
112.593.648	112.593.648	362.817.375
Short-term portion of long-term borrowings	31.12.2023	31.12.2022
Bank borrowings	114.153.678	106.544.319
114.153.678	114.153.678	106.544.319
Long-term borrowings	31.12.2023	31.12.2022
Bank borrowings	49.492.750	64.330.793
Lease liabilities	9.058.416	33.004.930
58.551.166	58.551.166	97.335.723
Currency	31.12.2023	
	Short-term	Long-term
Lease liabilities		
TL	12.894.842	--
EUR	18.580.870	9.058.416
USD	3.414.889	--
Credit card payables		
TL	3.311.299	--
Bank borrowings		
TL	14.174.165	--
EUR	173.087.221	30.215.600
USD	1.284.040	19.277.150
226.747.326	226.747.326	58.551.166

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Currency	31.12.2022	
	Short-term	Long-term
<i>Lease liabilities</i>		
TL	71.524.823	33.004.927
<i>Credit card payables</i>		
TL	1.564.142	--
<i>Bank borrowings</i>		
TL	230.601.608	575.110
GBP	2.402.857	--
EUR	163.013.161	43.635.239
USD	255.103	20.120.447
	469.361.694	97.335.723

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NOTE 25 – FINANCIAL INSTRUMENTS (continued)

As of 31 December 2023 and 2022, the repayment schedule of financial liabilities is as follows:

Maturity schedule	31.12.2023	31.12.2022
0 - 1 year	226.747.326	469.361.694
1 - 2 years	39.515.866	77.467.871
2 - 3 years	238.851	249.423
3 - 4 years	235.890	246.291
4 - 5 years	234.229	243.200
5 years and over	18.326.330	19.128.938
Total	285.298.492	566.697.417

As of 31 December 2023 and 2022, the detailed analysis of the annual effective interest rate of financial liabilities is as follows:

	31.12.2023	31.12.2022
TL	12.54% - 25.38%	12% - 34%
GBP	--	3.68%
EUR	2.07% - 10.27%	3.35% - 7.40%
USD	1.25%	1.25%

NOTE 26 – NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation arising from debt instruments. The Group's credit risk arises from trade receivables. Trade receivables of the Group is trying to be managed as the credit risk by limiting the transactions with certain parties and continuously evaluating the reliability of the related parties. Trade receivables are evaluated by taking into consideration the Group's accounting policies and procedures. Total credit risk of the Group is presented in the consolidated statement of financial position less provision for doubtful receivables. The credit risks incurred by financial instruments are as follows.

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NOTE 26 – NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (continued)

Credit risk (continued)

As of 31 December 2023 and 2022, the exposure of consolidated financial assets to credit risk is as follows:

31.12.2023	Trade Receivables		Other Receivables		Bank deposits
	Related Party	Other	Related Party	Other	
Maximum exposure to credit risk as of reporting date (A+B+C+D) (1)	--	443.817.643	--	8.003.422	26.261.009
- Maximum risk secured with guarantees and collaterals	--	3.000.000	--	--	--
A. Net book value of neither past due nor impaired financial assets	--	340.042.049	--	8.003.422	26.261.009
B. Net book value of past due but not impaired financial assets (2)	--	103.775.594	--	--	--
- Maximum risk secured with guarantees and collaterals	--	--	--	--	--
C. Net book value of impaired assets					
- Past due (gross book value)	--	681.040	--	--	--
- Impairment (-)	--	(681.040)	--	--	--
D. Off-balance sheet expected credit losses (-) (3)	--	--	--	--	--

(1) The factors that increase credit reliability, such as guarantees and collaterals received, were not taken into considerations in determining the amounts

(2) Past due but not impaired trade receivables include customer balances with which the Group has operating activities and has no experience regarding adverse effect of collection.

(3) The breakdown is disclosed in Note 12.

31.12.2022	Trade Receivables		Other Receivables		Bank deposits
	Related Party	Other	Related Party	Other	
Maximum exposure to credit risk as of reporting date (A+B+C+D) (1)	--	369.512.179	--	18.217.760	85.700.802
- Maximum risk secured with guarantees and collaterals	--	25.054.206	--	--	--
A. Net book value of neither past due nor impaired financial assets	--	338.476.003	--	18.217.760	85.700.802
B. Net book value of past due but not impaired financial assets (2)	--	31.036.176	--	--	--
- Maximum risk secured with guarantees and collaterals	--	--	--	--	--
C. Net book value of impaired assets					
- Past due (gross book value)	--	1.938.680	--	--	--
- Impairment (-)	--	(1.938.680)	--	--	--
D. Off-balance sheet expected credit losses (-) (3)	--	--	--	--	--

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NOTE 26 – NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (continued)

Credit risk (continued)

Aging analysis of receivables

As of 31 December 2023 and 2022, the breakdown of the aging analysis of trade receivables is as follows:

	31.12.2023			
	Trade Receivables		Other Receivables	
	Related Party	Other	Related Party	Other
Aging analysis				
Not past due	--	340.042.049	--	8.003.422
Past due 1 – 30 days	--	52.762.267	--	--
Past due 1 – 3 months	--	10.853.397	--	--
Past due 3 – 12 months	--	40.159.930	--	--
	--	443.817.643	--	8.003.422

	31.12.2022			
	Trade Receivables		Other Receivables	
	Related Party	Other	Related Party	Other
Aging analysis				
Not past due	--	338.476.003	--	18.217.760
Past due 1 – 30 days	--	19.306.186	--	--
Past due 1 – 3 months	--	11.489.978	--	--
Past due 3 – 12 months	--	240.012	--	--
	--	369.512.179	--	18.217.760

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NOTE 26 – NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (continued)

Liquidity risk

Liquidity risk is the risk that a Group will be unable to meet its funding needs. Prudent liquidity risk management is to provide sufficient cash and cash equivalents, to enable funding with the support of credit limits provided by reliable credit institutions and to close funding deficit. The Group provides funding by balancing cash inflows and outflows through the provision of credit lines in the business environment.

The responsibility for liquidity risk management belongs to the Board of Directors. The Board of Directors has established a liquidity risk management for the short, medium and long-term funding and liquidity requirements of the Group management. Prudent liquidity risk management signifies maintaining sufficient cash, the utility of fund sources by sufficient credit transactions and the ability to close out market positions. The ability to fund existing and prospective debt requirements is managed by maintaining the availability of adequate and high-quality lenders.

Contractual cash flows of the consolidated financial liabilities in TL as of 31 December 2023 and 2022 are as follows:

	Carrying value	Total contractual cash outflows	Demand or up to 3 months	3-12 months	1 – 5 years	5 years and over
31.12.2023						
Contractual maturities						
Bank borrowings	238.038.176	251.606.315	36.156.360	160.496.195	35.216.618	19.737.142
Lease liabilities	43.949.017	44.906.239	7.000.169	28.864.329	9.041.741	--
Credit card payables	3.311.299	3.311.299	3.311.299	--	--	--
Trade payables	220.108.316	223.325.584	213.409.004	9.916.580	--	--
Other payables	90.472.781	90.472.781	49.682.031	40.790.750	--	--
	595.879.589	613.622.218	309.558.863	240.067.854	44.258.359	19.737.142
31.12.2022						
Contractual maturities						
Bank borrowings	460.603.526	470.531.655	190.015.968	216.386.572	45.000.179	19.128.935
Lease liabilities	104.529.750	107.475.388	16.007.093	57.065.206	34.403.088	--
Credit card payables	1.564.141	1.564.141	1.564.141	--	--	--
Trade payables	218.642.903	219.066.409	207.771.278	11.295.131	--	--
Other payables	75.447.919	75.447.919	75.447.919	--	--	--
	860.788.239	874.085.511	490.806.399	284.746.910	79.403.268	19.128.935

NOTE 26 – NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (continued)

Market risk

The Group is exposed to financial risks arising from the changes in foreign exchange rates and interest rates due to its operations.

Market risks at the Group level are measured on the basis of sensitivity analysis.

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There has been no change incurred in the market risk that the Group is exposed to in the current period and prior period.

Foreign exchange risk

Foreign exchange risk arises from the fact that the Group has financial instruments denominated in USD, EURO and GBP exchange rates.

As of 31 December 2023 and 2022, the foreign exchange position of the Group is as follows.

31.12.2023	TL equivalent	USD	EUR	GBP
1. Trade Receivables	116.864.041	799.835	2.315.684	477.742
2a. Monetary Financial Assets (Cash on hand and banks included)	19.857.398	56.307	174.102	334.618
2b. Non-Monetary Financial Assets	--	--	--	--
3. Other	--	--	--	--
4. Total Current Assets (1+2+3)	136.721.439	856.142	2.489.786	812.360
5. Trade Receivables	--	--	--	--
6a. Monetary Financial Assets	--	--	--	--
6b. Non- Monetary Financial Assets	--	--	--	--
7. Other	--	--	--	--
8. Total Non-Current Assets (5+6+7)	--	--	--	--
9. Total Assets (4+8)	136.721.439	856.142	2.489.786	812.360
10. Trade Payables	86.370.313	509.324	1.991.044	169.428
11. Financial Liabilities	196.326.940	159.333	5.872.288	--
12a. Other Monetary Liabilities	9.147.807	1.315	272.769	5.523
12b. Other Non- Monetary Liabilities	--	--	--	--
13. Total Current Liabilities (10+11+12)	291.845.060	669.972	8.136.101	174.950
14. Trade Payables	3.599.329	--	--	95.633
15. Financial Liabilities	58.534.491	653.656	1.203.010	--
16a. Other Monetary Liabilities	40.790.750	--	1.250.000	--
16b. Other Non- Monetary Liabilities	--	--	--	--
17. Total Non-Current Liabilities (14+15+16)	102.924.570	653.656	2.453.010	95.633
18. Total Liabilities (13+17)	394.769.630	1.323.627	10.589.111	270.583
19. Off-Balance Sheet Derivative Instruments Net Asset / (Liability) Position (19a-19b)	--	--	--	--
19a. Total Asset Amount of Hedged	--	--	--	--
19b. Total Liabilities Amount of Hedged	--	--	--	--
20. Net Foreign Exchange Asset / (Liability) Position (9-18+19)	(258.048.191)	(467.485)	(8.099.325)	541.777
21. Monetary Items Net Foreign Exchange Asset / (Liabilities) Position (1+2a+3+5+6a-10-11-12a-14-15-16a) (IFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	(258.048.191)	(467.485)	(8.099.325)	541.777
22. Total Fair Value of Financial Instruments Used for Foreign Exchange Hedge	--	--	--	--
23. Export	--	--	--	--
24. Import	--	--	--	--

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NOTE 26 – NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (continued)

Foreign exchange risk (continued)

31.12.2022	TL equivalent	USD	EUR	GBP	CHF
1. Trade Receivables	68.502.436	392.731	692.904	906.513	1.521
2a. Monetary Financial Assets (Cash on hand and banks included)	6.020.334	140.946	50.411	395	220
2b. Non-Monetary Financial Assets	--	--	--	--	--
3. Other	--	--	--	--	--
4. Total Current Assets (1+2+3)	74.522.770	533.677	743.315	906.908	1.741
5. Trade Receivables	--	--	--	--	--
6a. Monetary Financial Assets	--	--	--	--	--
6b. Non- Monetary Financial Assets	--	--	--	--	--
7. Other	1.096.211	35.580	--	--	--
8. Total Non-Current Assets (5+6+7)	1.096.211	35.580	--	--	--
9. Total Assets (4+8)	75.618.982	569.257	743.315	906.908	1.741
10. Trade Payables	123.724.076	431.932	3.279.367	475.448	(454.618)
11. Financial Liabilities	237.843.677	1.487.713	5.759.420	64.507	--
12a. Other Monetary Liabilities	--	--	--	--	--
12b. Other Non- Monetary Liabilities	--	--	--	--	--
13. Total Current Liabilities (10+11+12)	361.567.753	1.919.645	9.038.787	539.955	(454.618)
14. Trade Payables	--	--	--	--	--
15. Financial Liabilities	97.535.019	875.201	2.143.096	--	--
16a. Other Monetary Liabilities	65.812.940	--	2.000.000	--	--
16b. Other Non- Monetary Liabilities	--	--	--	--	--
17. Total Non-Current Liabilities (14+15+16)	163.347.959	875.201	4.143.096	--	--
18. Total Liabilities (13+17)	524.915.712	2.794.846	13.181.883	539.955	(454.618)
19. Off-Balance Sheet Derivative Instruments Net Asset / (Liability) Position (19a-19b)	83.186.284	2.700.000	--	--	--
19a. Total Asset Amount of Hedged	83.186.284	2.700.000	--	--	--
19b. Total Liabilities Amount of Hedged	--	--	--	--	--
20. Net Foreign Exchange Asset / (Liability) Position (9-18+19)	(366.110.447)	474.411	(12.438.568)	366.953	456.359
21. Monetary Items Net Foreign Exchange Asset / (Liabilities) Position (1+2a+3+5+6a-10-11-12a-14-15-16a) (TFRS 7.B23) (=1+2a+5+6a-10-11-12a-14-15-16a)	(450.392.942)	(2.261.169)	(12.438.568)	366.953	456.359
22. Total Fair Value of Financial Instruments Used for Foreign Exchange Hedge	--	--	--	--	--
23. Export	--	--	--	--	--
24. Import	--	--	--	--	--

Sensitivity analysis of foreign exchange risk

The sensitivity analysis of Duran Doğan regarding the fluctuations in foreign exchange rate which results in foreign exchange risk of liabilities in denominated in USD, EURO and GBP. The table presented below represents sensitivity analysis of 10% increase or decrease in USD, EURO and GBP Pound exchange rates. The sensitivity analysis of 10% is the rate used when reporting the foreign exchange risk of the Group to the key management personnel, and the rate indicates the possible change expected by the Group management in the foreign exchange rates. The sensitivity analysis includes foreign currency denominated monetary assets and liabilities at the end of the year and presents the effects of 10% change in foreign exchange rates at the end of the year. The decrease in foreign exchange risk has the the positive impact on the Group's profit/loss and other equity items.

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NOTE 26 – NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (continued)

Sensitivity analysis of foreign exchange risk (continued)

	31.12.2023		31.12.2022	
	Foreign currencies	TL equivalent	Foreign currencies	TL equivalent
USD Net Asset / Liability	(467.485)	(13.832.212)	474.411	14.461.283
EURO Net Asset / Liability	(8.099.325)	(264.448.187)	(12.438.568)	(409.353.335)
GBP Net Asset / Liability	541.776	20.232.209	366.953	13.493.489
CHF Net Asset / Liability	--	--	456.359	15.288.116
Short-term position	(8.025.034)	(258.048.190)	(11.140.845)	(366.110.447)
Appreciation of Foreign Currency				
Change in USD against TL by 10%	--	(1.383.221)	--	1.446.128
Change in EUR against TL by 10%	--	(26.444.819)	--	(40.935.334)
Change in GBP against TL by 10%	--	2.023.221	--	1.349.349
Change in CHF against TL by 10%	--	--	--	1.528.812
Profit/(loss), net	--	(25.804.819)	--	(36.611.045)
Depreciation of Foreign Currency				
Change in USD against TL by 10%	--	1.383.221	--	(1.446.128)
Change in EUR against TL by 10%	--	26.444.819	--	40.935.334
Change in GBP against TL by 10%	--	(2.023.221)	--	(1.349.349)
Change in CHF against TL by 10%	--	--	--	(1.528.812)
Profit/(loss), net	--	25.804.819	--	36.611.045

Capital risk

The Group, while trying to maintain the continuity of its activities in capital management on one hand, aims to increase its profitability by using the balance between debts and equity on the other hand. The capital structure of the Group consists of borrowings including the loans in Note 25, cash and cash equivalents in Note 27 and equity items containing respectively issued share capital, capital reserves, profit reserves and retained earnings in Note 15.

The Group monitors capital on the basis of the net financial debt/total equity ratio. This ratio calculated as dividing net debt by total capital. Net debt is calculated by deducting cash and cash equivalents from the total debt amount (includes borrowings and finance leases as disclosed in the consolidated statement of financial position). Total capital is calculated as equity, as presented in the consolidated statement of financial position, plus net debt.

Consolidated net financial debt/invested capital ratio as of 31 December 2023 and 2022 is as follows:

	31.12.2023	31.12.2022
Total borrowings	736.242.008	1.006.714.623
Less: Cash and cash equivalents	(26.236.678)	(85.653.155)
Net financial debt	710.005.330	921.061.468
Equity	1.086.706.241	1.014.146.002
Invested capital	1.796.711.571	1.935.207.470
Net financial debt/invested capital ratio	40%	48%

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NOTE 27 - SUPPLEMENTARY CASH FLOW INFORMATION

As of 31 December 2023 and 2022, the functional breakdown of cash and cash equivalents is as follows:

	31.12.2023	31.12.2022
Cash on hand	73.587	86.188
Banks		
<i>Demand deposits</i>	26.218.571	85.653.710
<i>Time deposits</i>	42.438	47.092
Expected credit losses	(115.202)	(133.835)
Other	17.284	--
	26.236.678	85.653.155

NOTE 28 - FEES FOR SERVICES RECEIVED FROM INDEPENDENT AUDITOR/INDEPENDENT AUDIT FIRMS

	01.01.- 31.12.2023	01.01.- 31.12.2022
a. Audit fee for the reporting period	699.885	758.763
b. Other service fee apart from audit	1.146.400	616.666
<i>Other assurance services fees</i>	189.817	23.483
<i>Tax consulting fees</i>	431.708	593.183
<i>Other service fees</i>	524.875	--
Total (a+b)	1.846.285	1.375.429

NOTE 29 - EVENTS AFTER THE REPORTING PERIOD

- a) The Group increased its current issued share capital from TL 35.000.000 to TL 100.000.000 by increasing TL 65.000.000. The relevant increase was paid from retained earnings. The application was realised to the Capital Markets Board on 14 September 2023 for the advance distribution to the shareholders in proportion to the capital shares and for compliance with the amendment of Article 6 of the Company's articles of association was authorised by the Capital Markets Board and announced with the bulletin numbered 2024/04 on 18 January 2024. In addition, the amendment of the articles of association regarding the share capital increase was authorised on 2 February 2024 and announced in the Official Gazette numbered 939 on 5 February 2024.

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NOTE 30 - SUPPLEMENTARY INFORMATION

EBITDA	01.01. - 31.12.2023	01.01. - 31.12.2022
Domestic sales	808.314.621	876.769.178
Foreign sales	707.056.964	1.330.771.960
Other sales	4.267.066	13.157.549
Sales returns (-)	(10.841.067)	(15.567.085)
Sales discounts (-)	(1.240.192)	(4.923.443)
Net sales	1.507.557.392	2.200.208.159
Cost of sales (-)	(1.180.033.846)	(1.233.047.535)
GROSS PROFIT	327.523.546	967.160.624
Marketing Expenses (-)	(129.488.079)	(308.678.875)
General Administrative Expenses (-)	(118.527.961)	(130.918.899)
Other Operating Income	362.270.534	170.853.514
Other Operating Expenses (-)	(262.140.884)	(141.481.042)
OPERATING PROFIT	179.637.156	556.935.322
Depreciation and Amortisation Charges	111.236.649	105.013.549
EBITDA, net	290.873.805	661.948.871