

**TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş.  
AND SUBSIDIARIES**

**CONVENIENCE TRANSLATION INTO ENGLISH OF  
THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
AT 1 JANUARY - 30 SEPTEMBER 2022  
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT**

**(ORIGINALLY ISSUED IN TURKISH)**

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS  
ORIGINALLY ISSUED IN TURKISH**

**TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş. AND SUBSIDIARIES**

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD  
1 JANUARY AND 30 SEPTEMBER 2022**

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**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS  
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**TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş. AND SUBSIDIARIES**

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AT 30 SEPTEMBER 2022 AND 2021**

(Amounts expressed in TRY unless otherwise indicated)

	Notes	<i>Unaudited</i> 30 September 2022	<i>Audited</i> 31 December 2021
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	420,454,199	411,993,946
Derivative instruments		-	113,812,719
Trade receivables		1,549,474,688	733,965,671
- Due from related parties	20	292,233,315	111,516,859
- Due from third parties	4	1,257,241,373	622,448,812
Other receivables		15,552,029	71,513
- Due from third parties	5	15,552,029	71,513
Contract assets		833,242,285	211,740,534
- Contract assets arising from ongoing contracting business	14	833,242,285	211,740,534
Inventories	6	658,686,437	452,314,616
Prepaid expenses	7	72,668,388	25,915,106
Current income tax assets	18	17,532,351	29,072,932
Other current assets	10	95,614,896	48,064,534
<b>TOTAL CURRENT ASSETS</b>		<b>3,663,225,273</b>	<b>2,026,951,571</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	78,763,305	82,396,773
Right of use assets	21	5,936,469	1,114,597
Intangible assets other than goodwill	9	1,661,997	2,121,006
Prepaid expenses	7	20,511,913	20,511,914
Deferred tax assets	18	85,973,454	22,562,094
Other non-current assets	10	270,206,585	127,072,561
<b>TOTAL NON-CURRENT ASSETS</b>		<b>463,053,723</b>	<b>255,778,945</b>
<b>TOTAL ASSETS</b>		<b>4,126,278,996</b>	<b>2,282,730,516</b>

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

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS  
ORIGINALLY ISSUED IN TURKISH**

**TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş. AND SUBSIDIARIES**

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AT 30 SEPTEMBER 2022 AND 2021**

(Amounts expressed in TRY unless otherwise indicated)

	Notes	<i>Unaudited</i> 30 September 2022	<i>Audited</i> 31 December 2021
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Short-term borrowings	11	242,460,839	-
Short-term portion of long-term borrowings	11	3,061,967	918,651
Derivative instruments		19,061,407	-
Trade payables		2,141,771,062	1,327,122,745
- Due to related parties	20	1,067,128,255	336,514,998
- Trade payables, third parties	4	1,074,642,807	990,607,747
Employee benefit obligations		11,459,099	5,279,323
Other payables		175,000,000	484,432
- Due to related parties	21	175,000,000	50,641
- Other payables, third parties		-	433,791
Deferred income (excluding contractual obligations)	7	197,333,582	80,906,190
Contractual obligations	7	327,889,356	312,157,473
Short-term provisions		361,059,816	85,753,209
- Short-term provisions for employee benefits		30,796,386	28,527,678
- Other short-term provisions		330,263,430	57,225,531
Other current liabilities	10	41,972,075	6,205,439
<b>Total Current Liabilities</b>		<b>3,521,069,203</b>	<b>1,818,827,462</b>
<b>Non-Current Liabilities:</b>			
Liabilities arising from leasing transactions	11	3,378,545	486,410
Long-term borrowings		28,555,149	25,453,366
- Long-term provisions for employee benefits		21,754,962	19,153,416
- Other long-term provisions		6,800,187	6,299,950
<b>Total Non-Current Liabilities</b>		<b>31,933,694</b>	<b>25,939,776</b>
<b>Total Liabilities</b>		<b>3,553,002,897</b>	<b>1,844,767,238</b>
<b>EQUITY</b>			
Paid in share capital	13	216,733,652	216,733,652
Repurchased shares (-)		(2,496,301)	(2,496,301)
Premiums related to shares		40,654,618	40,654,618
Other comprehensive expense		(6,786,800)	(6,786,800)
- That will not be reclassified to profit or loss		(6,786,800)	(6,786,800)
Restricted reserves		16,540,411	14,123,489
Retained earnings		161,822,885	135,001,626
Net profit for the year		146,807,634	40,732,994
<b>Total Equity</b>		<b>573,276,099</b>	<b>437,963,278</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>4,126,278,996</b>	<b>2,282,730,516</b>

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

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS  
ORIGINALLY ISSUED IN TURKISH**

**TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş. AND SUBSIDIARIES**

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME**

**FOR THE YEARS ENDED 30 SEPTEMBER 2022 AND 2021**

(Amounts expressed in TRY unless otherwise indicated)

	Notes	<i>Unaudited</i> 1 January - 30 September 2022	<i>Unaudited</i> 1 July - 30 September 2022	<i>Unaudited</i> 1 January - 30 September 2021	<i>Unaudited</i> 1 July - 30 September 2021
Revenue	15	5,382,353,036	2,018,993,955	2,049,246,099	729,207,036
Cost of sales	15	(4,806,680,234)	(1,797,249,265)	(1,843,409,676)	(652,405,625)
<b>Gross Profit</b>		<b>575,672,802</b>	<b>221,744,690</b>	<b>205,836,423</b>	<b>76,801,411</b>
General administrative expenses(-)	16	(120,264,246)	(47,286,888)	(56,740,222)	(19,112,585)
Marketing selling and distribution expenses(-)	16	(202,642,643)	(79,571,446)	(83,225,530)	(29,903,681)
Research and development expenses(-)	16	(6,867,633)	(2,404,477)	(3,578,217)	(847,093)
Other operating income	17	345,313,034	59,504,584	75,567,060	14,306,499
Other operating expense(-)	17	(366,711,951)	(37,974,282)	(111,792,096)	(32,130,869)
<b>Operating Profit/(Loss)</b>		<b>224,499,363</b>	<b>114,012,181</b>	<b>26,067,418</b>	<b>9,113,682</b>
Finance expenses (-)		(54,704,060)	(30,263,871)	(7,753,313)	(3,809,847)
<b>Profit/(Loss) Before Taxation</b>		<b>169,795,303</b>	<b>83,748,310</b>	<b>18,314,105</b>	<b>5,303,835</b>
<b>Tax Income/(Expense)</b>		<b>(22,987,669)</b>	<b>(20,731,849)</b>	<b>2,458,002</b>	<b>(2,236,160)</b>
Taxation on expense	18	(86,399,029)	(45,140,818)	-	-
Deferred tax (income)/expense	18	63,411,360	24,408,969	2,458,002	(2,236,160)
<b>Net Profit/(Loss) for The Period</b>		<b>146,807,634</b>	<b>63,016,461</b>	<b>20,772,107</b>	<b>3,067,675</b>
Earnings per share		0,6774	0,2908	0,0958	0,0142
<b>OTHER COMPREHENSIVE INCOME</b>		-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>146,807,634</b>	<b>63,016,461</b>	<b>20,772,107</b>	<b>3,067,675</b>

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

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS  
ORIGINALLY ISSUED IN TURKISH**

**TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş. AND SUBSIDIARIES**

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED 30 SEPTEMBER 2022 AND 2021**

(Amounts expressed in TRY unless otherwise indicated)

	Share capital	Repurchased shares (-)	Premiums/disc outts related to shares	Other retained earnings/(losses) that will not be reclassified to profit or loss	Restricted reserves	Retained earnings/(losses)	Net profit/(loss) for the year	Total equity
<b>Balances at 1 January 2021</b>	<b>216,733,652</b>	<b>(2,496,301)</b>	<b>40,654,618</b>	<b>(8,426,000)</b>	<b>11,336,752</b>	<b>103,343,846</b>	<b>42,418,644</b>	<b>403,565,211</b>
Transfers	-	-	-	-	2,786,737	39,631,907	(42,418,644)	-
Total comprehensive income	-	-	-	-	-	-	20,772,107	20,772,107
Dividends	-	-	-	-	-	(7,974,127)	-	(7,974,127)
<b>Balances at 30 September 2022</b>	<b>216,733,652</b>	<b>(2,496,301)</b>	<b>40,654,618</b>	<b>(8,426,000)</b>	<b>14,123,489</b>	<b>135,001,626</b>	<b>20,772,107</b>	<b>416,363,191</b>
<b>Balances at 1 January 2022</b>	<b>216,733,652</b>	<b>(2,496,301)</b>	<b>40,654,618</b>	<b>(6,786,800)</b>	<b>14,123,489</b>	<b>135,001,626</b>	<b>40,732,994</b>	<b>437,963,278</b>
Transfers	-	-	-	-	2,416,922	38,316,072	(40,732,994)	-
Total comprehensive income	-	-	-	-	-	-	146,807,634	146,807,634
Dividends	-	-	-	-	-	(11,494,813)	-	(11,494,813)
<b>Balances at 30 September 2022</b>	<b>216,733,652</b>	<b>(2,496,301)</b>	<b>40,654,618</b>	<b>(6,786,800)</b>	<b>16,540,411</b>	<b>161,822,885</b>	<b>146,807,634</b>	<b>573,276,099</b>

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

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**TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş. AND SUBSIDIARIES**

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED 30 SEPTEMBER 2022 AND 2021**

(Amounts expressed in TRY unless otherwise indicated)

	<i>Unaudited</i>	<i>Unaudited</i>
	1 January -	1 January -
Notes	30 September 2022	30 September 2021
<b>Cash flows from operating activities</b>		
Net profit/(loss) for the period (+/-)	<b>146,807,634</b>	<b>20,772,107</b>
<b>Adjustments to reconcile the profit/(loss) for the period</b>		
Adjustments for tax expense (+/-)	18 22,987,669	(2,458,002)
Adjustments for financial expense	48,592,193	13,738,535
Adjustments for interest income (-)	(10,859,922)	(7,017,922)
Adjustments for decrease/(increase) in inventories (+/-)	(221,679,378)	(166,597,620)
Adjustments for decrease/(increase) in trade receivables (+/-)	(817,136,932)	(152,658,408)
Adjustments for decrease/(increase) in other receivables related to operations (+/-)	(15,480,516)	(98,618)
Adjustments for decrease/(increase) in contract assets (+/-)	(621,501,751)	16,113,714
Adjustments for increase/(decrease) in trade payables (+/-)	814,648,317	299,415,447
Adjustments for decrease/(increase) in other payables related to operations (+/-)	174,515,568	(46,421)
Adjustments for increase/(decrease) in contract liabilities (+/-)	132,159,275	18,343,049
Adjustments for depreciation and amortisation expense	8,9,21 9,466,411	6,959,598
Adjustments for impairment (reversal) (+/-)	15,307,557	15,269,512
Adjustments for provisions (+/-)	280,036,305	38,646,145
Adjustments for fair value gains/(losses) (+/-)	-	(18,646,581)
Other adjustments for non-cash items (+/-)	(195,491,255)	190,027,805
<b>Total adjustments related to net profit (loss) reconciliation for the period (+/-)</b>	<b>(384,436,459)</b>	<b>250,990,233</b>
<b>Cash flows from operating activities (+/-)</b>	<b>(237,628,825)</b>	<b>271,762,340</b>
Tax refunds (returns) (+/-)	(74,858,448)	(30,360,176)
Other cash outflows /(inflows) (+/-)	37,951	(630,398)
<b>Net cash flow from operating activities (+/-)</b>	<b>(312,449,322)</b>	<b>240,771,766</b>
<b>Cash flows from investing activities</b>		
Cash outflows from the purchase of property, plant and equipment (-)	8 (4,278,408)	(19,527,955)
Advances and debts given to other parties (-)	-	111,629
Interest received	10,859,922	7,017,922
Other cash inflows (outflows) (+/-)	(3,812,033)	-
<b>Net cash flow from investing activities (+/-)</b>	<b>2,769,481</b>	<b>(12,398,404)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	11 318,140,094	14,936,457
Repayments of borrowings (-)	11 454,968,180	80,000,000
Repayments of borrowings (-)	(232,707,600)	(51,857,083)
Cash outflows related to lease obligations (-)	-	(768,240)
Cash inflows from derivative instruments	-	882,865
Cash outflows from derivative instruments (-)	132,874,126	-
Dividends paid (-)	(11,494,813)	(7,974,127)
Interest paid (-)	(25,499,799)	(5,346,958)
<b>Net cash flow from financing activities (+/-)</b>	<b>318,140,094</b>	<b>14,936,457</b>
<b>Net increase/(decrease) in cash and cash equivalents (+/-)</b>	<b>8,460,253</b>	<b>243,309,819</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>3 411,993,946</b>	<b>146,428,538</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>3 420,454,199</b>	<b>389,738,357</b>

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

**CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS  
ORIGINALLY ISSUED IN TURKISH**

**TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş. AND SUBSIDIARIES**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

(Amounts expressed in TRY unless otherwise indicated)

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**NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS**

Türk Prysmian Kablo ve Sistemleri A.Ş. (“Company”) and its subsidiaries (collectively referred to as the “Group”) were established and are operating in Turkey. The Group is engaged in the production, import, export and trade of all kinds of cables, conductors, machinery, apparatus, tools and equipment, and their spare parts and accessories. The Company was established in 1964 and continues its activities under the parent company of Draka Holding BV, which currently owns (83.75%) of its shares. The Group’s shares have been traded in Borsa İstanbul A.Ş. (“BIST”) since 1986. The share of the Group that is traded in BIST is 16.25% (31 December 2021 16.25%). The ultimate parent of the Group is Prysmian SpA, located in Italy.

Türk Prysmian - Prysmian Powerlink Ordinary Partnership-2, one of the subsidiaries of the Group; DB.KAB.9 was established in 2014 in line with the opinion of the Revenue Administration on taxation of the work within the scope of Lapseki - Sütluce-2 380kV Submarine Cable Project. 99.99% of the shares of this subsidiary is owned by the Company and remaining 0.01% of the remaining shares are owned by Prysmian Powerlink SRL.

The publicly traded Group operates in one line of business (cable manufacturing and sales) and in one geographic region. The Group's product range includes all energy cables up to 220 kV, communication cables with copper conductors up to 3,600 pairs and fiber optic cables. The Group's factory is located in Bursa Mudanya, and this factory also includes thermal, mechanical, chemistry and electrical scientific research and test laboratories with TSE qualification, with the high technological level in the cable sector.

The registered address of the Company in the commercial registry is Ömerbey Mahallesi, Bursa Asfaltı Caddesi, No:51, 16941, Mudanya, Bursa and registered on 20 December 2012 at Ömer Avni Mah. İnebolu Sok. Haktan İş Merkezi No:39 K:2 Setüstü Kabataş Beyoğlu Istanbul has its registered office in Istanbul. The average number of personnel employed by the Group in the period ending as of 30 September 2022 is 602 (31 December 2021: 571).

The details of the Group's subsidiaries are as follows:

<b>Subsidiary</b>	<b>Types of activities</b>	<b>Main fields of activity</b>
Türk Prysmian - Prysmian Powerlink DB. KAB. 19 Business Ordinary Partnership	Sales	Energy cables sales



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**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

(Amounts expressed in TRY unless otherwise indicated)

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**NOTE 2 - BASIS OF PRESENTATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**2.1 Basis of presentation**

The interim condensed consolidated financial statements have been prepared in accordance with the provisions of the Capital Markets Board (“CMB”), Serial II, No. 14.1 “Communiqué on the Principles of Financial Reporting in the Capital Markets” (“Communiqué”) published in the Official Gazette dated 13 June 2013 and numbered 28676. and Turkish Accounting Standards and their annexes and comments (“TFRS”), which were put into effect by the Public Oversight Accounting and Auditing Standards Authority (“KGK”), pursuant to Article 5 of the Communiqué. TFRS is updated with communiqués published to comply with amendments made in the International Financial Reporting Standards. It covers TFRS and appendices and interpretations thereof. The interim condensed consolidated financial statements have been presented in accordance with the formats determined in the “Announcement on TMS Taxonomy” published by POA on October 4, 2022 and the Financial Statement Examples and User Guide published by the CMB.

The condensed consolidated financial statements are prepared on the historical cost basis, except for derivative financial instruments measured at fair value. In determining the historical cost, the fair value of the amount paid for the assets is generally taken as the basis

The Company prepared the condensed consolidated financial statements for the interim fiscal period ending on 30 September 2022 in accordance with the CMB's communiqués with Serial: II, No. 14.1 and announcements made to clarify this communiqué, and based on the principle of going concern according to TAS 34 “Interim Period Financial Reporting” standard. Condensed consolidated financial statements for the interim period and notes thereof are presented in the formats recommended by the CMB and by including all mandatory information.

In accordance with TAS 34 standard, entities are free to prepare the interim period consolidated financial statements either as a whole set or summarized versions. In line with this the Company chose to prepare condensed financial statements for interim periods.

Condensed consolidated financial statements of the Group include all explanations and notes required to be included in the year-end consolidated financial statements. Therefore the statements for the interim period must be read together with the consolidated financial statements dated 31 December 2021.

*Functional and reporting currency*

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

Condensed consolidated financial statements include the financial statements of the Company and its subsidiaries. Control is provided by the Company's fulfillment of the following conditions:

- Having power over the invested group;
- Being open to or entitled to variable returns to be obtained by the investee group;
- Ability to use power to have an impact on returns.

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**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

(Amounts expressed in TRY unless otherwise indicated)

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**NOTE 2 - BASIS OF PRESENTATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**2.1 Basis of presentation (Continued)**

In the event that a situation or event arises that may cause any change in at least one of the criteria listed above, the Group re-evaluates whether it has control over its investment.

In cases where the company does not have majority voting rights on the investee company, it has control power over the investee company, provided that it has sufficient voting rights to direct/manage the activities of the relevant investment. The Group considers all relevant events and circumstances in assessing whether the majority of the votes in the relevant investment is sufficient to exercise control, including the following:

- Comparison of the voting rights of the Group with the voting rights of other shareholders;
- Potential voting rights held by the Group and other shareholders;
- Rights arising from other contractual agreements; and
- Other events and conditions that may indicate whether the Group has the current power to manage the relevant activities (including voting at previous general assembly meetings) in cases where a decision is required.

Consolidation of a subsidiary begins when the Group has control over the subsidiary and ends when it loses control. Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date of acquisition to the date of disposal.

Each item of profit or loss and other comprehensive income belongs to the parent shareholders and non-controlling interests. Even if the non-controlling interests result in a reverse balance, the total comprehensive income of the subsidiaries is transferred to the parent shareholders and non-controlling interests.

All intragroup assets and liabilities, equity, income and expenses, and cash flows from transactions between Group companies are eliminated on consolidation.

**2.2 Changes in accounting policies**

The accounting policies used in the preparation of the consolidated financial statements for the accounting period 1 January - 31 September 2022 have been applied in a consistent manner with the consolidated financial statements prepared as of 31 December 2021.

**2.3 Changes in accounting estimates and errors**

Changes in accounting estimates are applied prospectively in the current period if the change is made, if it relates to only one period, and in both the period in which the change is made and in future periods if it relates to future periods. There has been no significant change in the accounting estimates of the Group in the current year.

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**TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş. AND SUBSIDIARIES**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2022**

(Amounts expressed in TRY unless otherwise indicated)

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**NOTE 2 - BASIS OF PRESENTATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**2.4 Summary of significant accounting policies**

Condensed consolidated financial statements for the interim period ending on 30 September 2022 are prepared in accordance with the TAS 34 standard regarding preparation of interim period financial statements. Significant accounting policies applied when preparing interim period condensed consolidated financial statements are consistent with those applied for the annual consolidated financial statements for the fiscal period 1 January-31 December 2021. Interim period summarized consolidated financial statements for the interim period 1 January - 30 September 2022 should be evaluated together with the annual consolidated financial statements for the fiscal period 1 January-31 December 2021.

**2.5 Significant accounting estimates, assumptions and judgments**

The Group continued to predicate the assumptions explained in the notes of the consolidated financial statement dated 31 December 2021 on the assumptions taken as basis for the fiscal period ending on 30 September 2022.

**2.6 Effects of seasonality on operations**

Operations of the companies within the scope of consolidation may increase or decrease by period. Accordingly the results of the period ending on 30 September 2022 may not serve as an indicator for the yearround.

**2.7 Significant changes in the current period**

The Public Oversight Authority made a statement on the Implementation of Financial Reporting in High Inflation Economies under TFRS on 20 January 2022, and it was stated that there was no need to make any adjustments within the scope of IAS 29 Financial Reporting in Hyperinflationary Economies in the consolidated financial statements for 2021. As of the preparation date of these condensed consolidated financial statements, no new disclosure has been made by POA within the scope of IAS 29, and no inflation adjustment has been made in accordance with IAS 29 while preparing the condensed consolidated financial statements dated 30 September 2022.

**2.8 Amendments in Turkish Financial Reporting Standards**

*a. Standards, amendments and interpretations applicable as at 30 September 2022:*

- **Amendments to IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform Phase 2;** effective from annual periods beginning on or after 1 January 2021. The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one. The Phase 2 amendments provide additional temporary reliefs from applying specific IAS 39 and IFRS 9 hedge accounting requirements to hedging relationships directly affected by IBOR reform.
- **Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 9;** effective from annual periods beginning on or after 1 January 2023. These amendments defer the date of application of IFRS 17 by two years to 1 January 2023 and change the fixed date of the temporary exemption in IFRS 4 from applying IFRS 9, Financial instrument until 1 January 2023.

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**NOTE 2 - BASIS OF PRESENTATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**2.8 Amendments in Turkish Financial Reporting Standards (Continued)**

- **Amendment to IFRS 16, ‘Leases’ – Covid-19 related rent concessions Extension of the practical expedient (effective 1 April 2021);** As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. In May 2020, the IASB published an amendment to IFRS 16 that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.
- **A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16;** effective from Annual periods beginning on or after 1 January 2022
- **Amendments to IFRS 3, ‘Business combinations’** update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
- **Amendments to IAS 16, ‘Property, plant and equipment’** prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
- **Amendments to IAS 37, ‘Provisions, contingent liabilities and contingent assets’** specify which costs a company includes when assessing whether a contract will be loss-making.

The annual improvements make minor changes to the illustrative examples of TFRS 1 'First time application of International Financial Reporting Standards', TFRS 9 'Financial Instruments', TAS 41 'Agricultural Activities' and TFRS 16.

***b. Standards, amendments and interpretations applicable as at 30 September 2022:***

- **Amendments to IAS 1, Presentation of financial statements’ on classification of liabilities;** effective date deferred until accounting periods starting not earlier than 1 January 2024. These narrow-scope amendments to IAS 1, ‘Presentation of financial statements’, clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the ‘settlement’ of a liability.

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**NOTE 2 - BASIS OF PRESENTATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**2.8 Amendments in Turkish Financial Reporting Standards (Continued)**

- **Narrow scope amendments to IAS 1, Practice statement 2 and IAS 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.
- **Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction;** 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.
- **IFRS 17, ‘Insurance contracts’;** effective from annual periods beginning on or after 1 January 2023. This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

**NOTE 3 - CASH AND CASH EQUIVALENTS**

	<b>30 September 2022</b>	<b>31 December 2021</b>
Cash	3,653	48,730
Bank	309,622,822	334,448,744
- <i>Time deposit</i>	309,328,619	320,282,026
- <i>Demand deposit</i>	294,203	14,166,718
Cheques and notes	22,418,923	12,144,268
Credit card receivables	88,408,801	65,352,204
	<b>420,454,199</b>	<b>411,993,946</b>

The Group's time deposits are in TRY, Euro and USD with average maturities less than one week and annual weighted average effective interest rates are 19.00%, 1.25% and 1.50%, respectively. (31 December 2021: Time deposits are in TRY, Euro and USD and overnight weighted average effective interest rates are 20%, 0.55% and 1.25%, respectively). Checks and credit card receivables have a maturity of less than 3 months.

Credit risks of banks with group deposits are evaluated by taking into account independent data and no credit risk is expected

The market values of cash and cash equivalents approximate their carrying values including the accrued interest income at the balance sheet date. As of 30 September 2022 and 31 December 2021, the Group has blocked deposits for POS receivables amounting to TRY88,408,801 (31 December 2021: TRY65,352,204).

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**NOTE 4 - TRADE RECEIVABLES AND PAYABLES**

	<b>30 September 2022</b>	<b>31 December 2021</b>
<b>Short-term trade receivables</b>		
Trade receivables from third parties	1,097,814,683	429,872,019
Trade receivables from related parties	292,233,315	111,516,859
Checks and promissory notes received from third parties	261,999,121	296,777,139
Less: Provision for impairment	(102,572,431)	(104,200,346)
	<b>1,549,474,688</b>	<b>733,965,671</b>

The average maturity period of the Group's trade receivables is 3 months (31 December 2021: 3 months). The carrying value of trade receivables approximates their fair value. Details of trade receivable balances in foreign currency are shown in Note 22.

The movement table of the provision for impairment in trade receivables is as follows:

	<b>2022</b>	<b>2021</b>
<b>1 January</b>	<b>(104,200,346)</b>	<b>(73,562,748)</b>
Provisions made during the period	-	(3,116,111)
Provision no longer required	1,627,915	-
<b>30 September</b>	<b>(102,572,431)</b>	<b>(76,678,859)</b>

The allowance for doubtful receivables for trade receivables has been determined by estimating expected credit losses based on past experience of uncollectibility.

	<b>30 September 2022</b>	<b>31 December 2021</b>
<b>Short-term trade payables</b>		
Trade payables	1,055,753,550	960,632,192
Trade payables to related parties	1,067,128,255	336,514,998
Expense accruals	18,889,257	29,975,555
	<b>2,141,771,062</b>	<b>1,327,122,745</b>

Average payment term of the Group's trade payables is 3 months (31 December 2021: 3 months).

As of 30 September 2022, the Group has commercial debt of TRY185,117,168 (USD6,450,805 and EUR3,619,540) with letter of credit (31 December 2021: TRY572,740,327 (USD26,545,631 and EUR15,545,548)).

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**NOTE 5 - OTHER RECEIVABLES AND PAYABLES**

	<b>30 September 2022</b>	<b>31 December 2021</b>
<b>Other short-term receivables</b>		
Other receivables from third parties	15,552,029	71,513
	<b>15,552,029</b>	<b>71,513</b>
<b>Other short-term payables</b>		
Other payables to related parties (*)	175,000,000	50,641
Other payables to third parties	-	433,791
	<b>175,000,000</b>	<b>484,432</b>

(\*) The Group has obtained cash amounting to TRY175,000,000 from related companies for the purpose of using it in its operational activities.

**NOTE 6 - INVENTORIES**

	<b>30 September 2022</b>	<b>31 December 2021</b>
Raw materials	234,202,614	137,767,696
Semi products	165,944,733	158,285,263
Finished product	262,852,551	190,688,574
Trade goods	57,705,277	12,284,264
Less: Provision for inventory impairment	(62,018,738)	(46,711,181)
	<b>658,686,437</b>	<b>452,314,616</b>

The movement of the inventory depreciation for the interim accounting periods ending on 30 September 2022 and 2021 is as follows:

	<b>2022</b>	<b>2021</b>
<b>1 January</b>	<b>(46,711,181)</b>	<b>(11,912,848)</b>
Increase during the period	(15,307,557)	(12,153,401)
<b>30 September</b>	<b>(62,018,738)</b>	<b>(24,066,249)</b>

In the accounting period of 1 January - 30 September 2022, the cost of first materials and materials associated with the cost of sales is TRY3,488,288,277 (30 September 2021: TRY1,604,033,120) (Note 15).

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**NOTE 7 - PREPAID EXPENSES AND DEFERRED TAX**

	<b>30 September 2022</b>	<b>31 December 2021</b>
<b>Short-term prepaid expenses</b>		
Order advances for projects (*)	61,509,555	400,751
Expenses for incoming months (**)	11,158,833	25,514,355
	<b>72,668,388</b>	<b>25,915,106</b>

(\*) Order advances given for projects consist of cash advances given for projects that have just started.

(\*\*) Expenses for the next months consist of insurance policies.

	<b>30 September 2022</b>	<b>31 December 2021</b>
<b>Long-term prepaid expenses</b>		
Expenses for incoming years (*)	20,511,913	20,511,914
	<b>20,511,913</b>	<b>20,511,914</b>

(\*) Expenses for the next months consist of insurance policies related to their projects.

	<b>30 September 2022</b>	<b>31 December 2021</b>
<b>Short-term contractual obligations and deferred income</b>		
Contractual obligations (*)	327,889,356	312,157,473
Order advances received (except for contractual obligations)	197,333,582	80,906,190
	<b>525,222,938</b>	<b>393,063,663</b>

(\*) Order advances received consist of cash advances received from customers regarding the Group's projects. A significant portion of the order advances received consists of the cash advances received for the Submarine project made with TEIAS in 2021.



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**NOTE 8 - PROPERTY, PLANT AND EQUIPMENT**

	<b>1 January 2022</b>	<b>Additions</b>	<b>Disposals</b>	<b>30 September 2022</b>
<b>Cost</b>				
Land	3,164,360	-	-	3,164,360
Buildings	63,141,631	-	-	63,141,631
Machinery and equipment	261,622,065	1,563,183	-	263,185,248
Vehicles, floors and fixtures	35,348,507	158,866	(223,216)	35,284,157
Specific costs	77,543	-	-	77,543
Construction in progress	53,604	2,556,359	-	2,609,963
	<b>363,407,710</b>	<b>4,278,408</b>	<b>(223,216)</b>	<b>367,462,902</b>
<b>Less: Accumulated depreciation</b>				
Buildings (-)	(33,344,630)	(976,684)	-	(34,321,314)
Machinery and equipment (-)	(218,241,369)	(4,725,390)	-	(222,966,759)
Vehicles, floors and fixtures (-)	(29,347,395)	(2,171,851)	185,265	(31,333,981)
Specific costs (-)	(77,543)	-	-	(77,543)
	<b>(281,010,937)</b>	<b>(7,873,925)</b>	<b>185,265</b>	<b>(288,699,597)</b>
<b>Net book value</b>	<b>82,396,773</b>			<b>78,763,305</b>

As of 30 September 2022, the Group has depreciation and amortization expenses amounting to TRY9,466,411, TRY7,873,925 for tangible assets, TRY1,133,477 for right-of-use assets and TRY459,009 for intangible assets. TRY6,085,081 of the aforementioned current period depreciation and amortization expenses is reflected to the cost of sales, TRY3,356,141 to general administrative expenses, TRY21,611 to marketing expenses and TRY3,578 to research and development expenses. As of 30 September 2022, there is no pledge or mortgage on tangible assets (31 December 2021: None).

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**NOTE 8 - PROPERTY, PLANT AND EQUIPMENT (Continued)**

	<b>1 January 2021</b>	<b>Additions</b>	<b>30 September 2022</b>
<b>Cost</b>			
Land	3,164,360	-	3,164,360
Buildings	62,890,353	145,000	63,035,353
Machinery and equipment	240,710,152	15,294,377	256,004,529
Vehicles, floors and fixtures	30,746,514	986,375	31,732,889
Specific costs	77,543	-	77,543
Construction in progress	53,604	3,102,203	3,155,807
	<b>337,642,526</b>	<b>19,527,955</b>	<b>357,170,481</b>
<b>Less: Accumulated depreciation</b>			
Buildings (-)	(32,055,049)	(966,319)	(33,021,368)
Machinery and equipment (-)	(213,108,168)	(3,647,775)	(216,755,943)
Vehicles, floors and fixtures (-)	(27,420,213)	(1,359,742)	(28,779,955)
Specific costs (-)	(77,515)	(28)	(77,543)
	<b>(272,660,945)</b>	<b>(5,973,864)</b>	<b>(278,634,809)</b>
<b>Net book value</b>	<b>64,981,581</b>		<b>78,535,672</b>

As of 30 September 2021, the Group has depreciation expenses amounting to TRY6,959,598, of which TRY5,973,864 for tangible assets, TRY883,660 for right-of-use assets and TRY102,074 for intangible assets. TRY4,927,908 of the aforementioned current period depreciation and amortization expenses is reflected to the cost of sales, TRY2,001,617 to general administrative expenses, TRY26,495 to marketing expenses and TRY3,578 to research and development expenses.

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**NOTE 9 - INTANGIBLE ASSETS**

	<b>1 January 2022</b>	<b>Additions</b>	<b>30 September 2022</b>
<b>Cost</b>			
Rights	3,912,017	-	3,912,017
	<b>3,912,017</b>	<b>-</b>	<b>3,912,017</b>
<b>Accumulated amortisation</b>			
Rights (-)	(1,791,011)	(459,009)	(2,250,020)
	<b>(1,791,011)</b>	<b>(459,009)</b>	<b>(2,250,020)</b>
<b>Net book value</b>	<b>2,121,006</b>		<b>1,661,997</b>
	<b>1 January 2021</b>	<b>Additions</b>	<b>30 September 2022</b>
<b>Cost</b>			
Rights	1,874,814	-	1,874,814
	<b>1,874,814</b>	<b>-</b>	<b>1,874,814</b>
<b>Accumulated amortisation</b>			
Rights (-)	(1,613,291)	(102,074)	(1,715,365)
	<b>(1,613,291)</b>	<b>(102,074)</b>	<b>(1,715,365)</b>
<b>Net book value</b>	<b>261,523</b>		<b>159,449</b>

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**NOTE 10 - OTHER ASSETS AND LIABILITIES**

	<b>30 September 2022</b>	<b>31 December 2021</b>
<b>Other current assets</b>		
Transferred VAT (*)	76,440,082	30,852,882
Receivables from tax office (**)	18,829,922	16,909,340
Other	344,892	302,312
	<b>95,614,896</b>	<b>48,064,534</b>

(\*) It consists of the short-term part of the value added taxes that cannot be deducted due to the change in the communiqué regarding export registered sales, and the return process has started.

(\*\*) It consists of SCT and other VAT receivables from the tax office.

	<b>30 September 2022</b>	<b>31 December 2021</b>
<b>Other non-current assets</b>		
Deferred VAT (*)	270,206,585	127,072,561
	<b>270,206,585</b>	<b>127,072,561</b>

	<b>30 September 2022</b>	<b>31 December 2021</b>
<b>Other short-term current liabilities</b>		
Taxes and funds payable	40,347,430	5,937,603
Other	1,624,645	267,836
	<b>41,972,075</b>	<b>6,205,439</b>

(\*) It consists of value added taxes that cannot be deducted due to the change in the communiqué regarding export registered sales. The refund process is ongoing and the return process is expected by the group management to take more than one year.

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**NOTE 11 - BORROWINGS**

	<b>30 September 2022</b>	<b>31 December 2021</b>
<b>Short-term borrowings</b>		
Short-term bank borrowings	242,460,839	-
Liabilities arising from lease transactions	3,061,967	918,651
	<b>245,522,806</b>	<b>918,651</b>

Carrying amount of the short-term bank loans is considered to approximate to their fair values as of 30 September 2022 and 31 December 2021.

**Long-term borrowings**

Liabilities arising from lease transactions	3,378,545	486,410
	<b>3,378,545</b>	<b>486,410</b>

The details of the loans for the period 30 September 2022 and 31 December 2021 are as follows:

**30 September 2022**

<b>Currency</b>	<b>Maturity</b>	<b>Effective interest rate (%)</b>		
			<b>Short-term</b>	<b>Long-term</b>
TRY	1 year	18.76	242,460,839	-
			<b>242,460,839</b>	<b>-</b>

The movement table of financial borrowings is as follows:

	<b>2022</b>	<b>2021</b>
<b>1 January</b>	-	<b>51,677,083</b>
New financial debts received	454,968,180	80,000,000
Principal payments	(232,707,600)	(51,857,083)
Change in interest accruals	20,200,259	6,640,000
<b>30 September</b>	<b>242,460,839</b>	<b>86,460,000</b>

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**NOTE 12 - CONTINGENT ASSETS AND LIABILITIES**

The Group's collateral/pledge/mortgage/guarantee ("CPM") position is as follows:

	<b>30 September 2022</b>	<b>31 December 2021</b>
A. Total amount of CPM given for the Group's own legal personality	490,883,192	287,966,928
B. Total amount of CPM given on behalf of fully consolidated companies	939,267,199	517,539,112
C. Total amount of CPM given for continuity of its economic activities on behalf of third parties	-	-
D. Total amount of other CPM	-	-
i) Total amount of CPM given behalf of the majority shareholder	-	-
ii) Total amount of CPM given to on behalf of other third parties which are not in scope of B and C	-	-
iii) Total amount of CPM given on behalf of third parties which are not in scope of C.	-	-
	1,430,150,391	805,506,040

The Group has not given any other guarantee, pledge and mortgage (31 December 2021: None).

All letters of guarantee listed in paragraph A consist of performance letters extended by the Group to customs, various bidding authorities and customers due to sales contracts.

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**NOTE 13 - SHARE CAPITAL, RESERVES AND OTHER EQUITY COMPONENTS**

	30 September 2022		31 December 2021	
	Share ratio (%)	Amount	Share ratio (%)	Amount
Draka Holding B.V.	84	181,506,654	84	181,506,654
Public (*)	16	35,226,998	16	35,226,998
<b>Paid in share capital</b>		<b>216,733,652</b>		<b>216,733,652</b>

As of 31 September 2022, the Group's capital consists of 216,733,652 shares (31 December 2021: 216,733,652 shares). The nominal value of the shares is TRY1 per share (31 December 2021: TRY1 per share). All issued shares were paid in cash.

Restricted reserves:

	30 September 2022	31 December 2021
Legal reserves	16,540,411	14,123,489
	<b>16,540,411</b>	<b>14,123,489</b>

According to the Turkish Commercial Code, the general legal reserve is appropriated at the rate of 5% per annum, until the total reserve reaches 20% of the Group's paid-in share capital. After paying five percent dividend to the shareholders, 10% of the total amount to be distributed to the shareholders reserved as other legal reserves.

According to the Turkish Commercial Code, if the general legal reserve does not exceed half of the issued capital or the capital, it can be used only to cover the losses, to continue the business when the works are not going well or to prevent unemployment and to mitigate the results.

*Distribution of dividend*

Publicly traded companies make their dividend distributions in accordance with the CMB's Dividend Communiqué No. II-19 19.1, which came into force as of 1 February 2014.

Partnerships distribute their profits within the framework of the profit distribution policies to be determined by their general assembly and in accordance with the provisions of the relevant legislation. Within the scope of the said communiqué, a minimum distribution rate has not been determined. Companies pay dividends as determined in their articles of association or dividend policy.

On 28 February 2022, the management decided to pay dividends from the profit of 2021 to the shareholders. In 2022, the amount of TRY11,494,813 (2021: TRY7,974,127) dividends distributed per share is TRY0,0530 in gross (2021: TRY0,0368) is and TRY0,0477 (2021: TRY0,0313) in net.

*Repurchased shares:*

Consists of the Group's repurchased shares within the scope of liquidity provider transactions carried out within the framework of CMB legislation. The Company's repurchased shares are realized at the market prices in Borsa Istanbul on the date of the transaction; Repurchased shares are accounted for in "Repurchased Shares" accounts, including the parts exceeding their nominal value.

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**NOTE 14 - CONTRACTUAL ASSETS AND LIABILITIES**

	<b>30 September 2022</b>	<b>31 December 2021</b>
Costs on work-in-progress	1,283,281,035	451,222,791
Recognized profits less/losses (net)	177,824,556	94,372,260
Minus: Realized progress payments (-)	(627,863,306)	(333,854,517)
	<b>833,242,285</b>	<b>211,740,534</b>

The Group records referred income and expenses from said construction works in financial statements following the percentage completion method.

**NOTE 15 - REVENUE AND COST OF SALES**

	<b>1 January - 30 September 2022</b>	<b>1 July - 30 September 2022</b>	<b>1 January - 30 September 2021</b>	<b>1 July - 30 September 2021</b>
Domestic sales	5,536,748,133	2,149,416,537	2,408,709,407	827,554,982
Export sales	999,182,656	346,702,752	603,621,165	199,297,022
Sales returns (-)	(21,538,868)	(17,772,768)	(1,314,926)	(569,503)
Sales discounts (-)	(1,132,038,885)	(459,352,566)	(961,769,547)	(297,075,465)
<b>Net sales</b>	<b>5,382,353,036</b>	<b>2,018,993,955</b>	<b>2,049,246,099</b>	<b>729,207,036</b>
<b>Cost of sales (-)</b>	<b>(4,806,680,234)</b>	<b>(1,797,249,265)</b>	<b>(1,843,409,676)</b>	<b>(652,405,625)</b>
<b>Gross profit from operations</b>	<b>575,672,802</b>	<b>221,744,690</b>	<b>205,836,423</b>	<b>76,801,411</b>

Cost of sales details for the period 1 January - 30 June 2022 and 2021 is as follows:

	<b>1 January - 30 September 2022</b>	<b>1 July - 30 September 2022</b>	<b>1 January - 30 September 2021</b>	<b>1 July - 30 September 2021</b>
Raw material expenses	3,488,288,277	1,244,272,490	1,604,033,120	580,797,234
Cost of service sold	648,299,224	171,449,424	35,366,363	12,134,586
Cost of merchandise sold	485,231,147	305,209,179	92,979,183	22,161,185
General production expense	117,283,778	49,831,318	69,837,620	22,691,643
Personnel expenses	61,492,727	24,943,081	36,265,482	12,942,582
Depreciation and amortization expenses	6,085,081	1,543,773	4,927,908	1,678,395
	<b>4,806,680,234</b>	<b>1,797,249,265</b>	<b>1,843,409,676</b>	<b>652,405,625</b>



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**NOTE 16 RESEARCH AND DEVELOPMENT, MARKETING EXPENSES, SELLING  
AND DISTRIBUTION EXPENSES GENERAL ADMINISTRATIVE  
EXPENSES**

	1 January - 30 September 2022	1 July - 30 September 2022	1 January - 30 September 2021	1 July - 30 September 2021
<b>Research and development expenses</b>				
Personnel expenses	4,013,168	1,446,763	2,142,649	709,024
Test, measurement and document expenses	2,258,041	753,774	1,149,656	34,167
Depreciation and amortization	3,578	1,192	3,578	1,192
Other	592,846	202,748	282,334	102,710
	<b>6,867,633</b>	<b>2,404,477</b>	<b>3,578,217</b>	<b>847,093</b>

	1 January - 30 September 2022	1 July - 30 September 2022	1 January - 30 September 2021	1 July - 30 September 2021
<b>Marketing, selling and distribution expenses</b>				
Logistics expenses, sales, distribution and letter of guarantee commissions	171,174,113	68,422,669	65,159,597	23,594,424
Personnel expenses	24,471,737	8,697,768	13,568,065	4,470,920
External service expenses	225,163	90,783	4,802	3,709
Depreciation and amortization	21,611	7,730	26,495	6,021
Other	6,750,019	2,352,496	4,466,571	1,828,607
	<b>202,642,643</b>	<b>79,571,446</b>	<b>83,225,530</b>	<b>29,903,681</b>

	1 January - 30 September 2022	1 July - 30 September 2022	1 January - 30 September 2021	1 July - 30 September 2021
<b>General administrative expenses</b>				
License and service expenses	72,557,096	26,160,541	33,929,767	11,771,188
Personnel expenses	31,187,168	18,173,602	14,051,692	4,213,679
Depreciation and amortization	3,356,141	1,498,021	2,001,617	685,030
Consultancy expenses	1,735,337	747,036	685,833	-
Donations and membership dues	838,526	224,543	654,039	-
Insurance expense	728,817	301,093	485,597	-
External service expenses	254,216	109,590	291,703	112,147
Other	9,606,945	72,462	4,639,974	2,330,541
	<b>120,264,246</b>	<b>47,286,888</b>	<b>56,740,222</b>	<b>19,112,585</b>

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**NOTE 17 - OTHER INCOME/(EXPENSES) FROM OPERATING ACTIVITIES**

Details of other income from main operations are as follows:

	<b>1 January - 30 September 2022</b>	<b>1 July - 30 September 2022</b>	<b>1 January - 30 September 2021</b>	<b>1 July - 30 September 2021</b>
Realized income from derivative financial instruments held for trading	299,370,504	56,165,574	60,890,470	8,209,999
Cost reflection revenues	5,330,813	2,237,762	2,912,405	894,429
Interest income of trade receivables	2,697,520	612,502	719,015	172,219
Other	37,914,197	488,746	11,045,170	5,029,852
	<b>345,313,034</b>	<b>59,504,584</b>	<b>75,567,060</b>	<b>14,306,499</b>

Details of other expense from main operations are as follows:

	<b>1 January - 30 September 2022</b>	<b>1 July - 30 September 2022</b>	<b>1 January - 30 September 2021</b>	<b>1 July - 30 September 2021</b>
Realized expenses from derivative financial instruments held for trading	(234,377,236)	(69,848,418)	(55,235,210)	(22,072,530)
Foreign exchange loss from commercial activities, net	(119,518,601)	38,123,550	(50,341,980)	(6,081,009)
Other	(12,816,114)	(6,249,414)	(6,214,906)	(3,977,330)
	<b>(366,711,951)</b>	<b>(37,974,282)</b>	<b>(111,792,096)</b>	<b>(32,130,869)</b>

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**NOTE 18 - INCOME TAXES**

The income tax payable as of 30 September 2022 and 31 December 2021 is summarized below

	<b>30 September 2022</b>	<b>31 December 2021</b>
Corporate tax provision	86,399,029	-
Loss: Prepaid taxes	(103,931,380)	(29,072,932)
<b>Current income tax liability/(assets)</b>	<b>(17,532,351)</b>	<b>(29,072,932)</b>

In Turkey, the corporation tax rate is 25% for 2022 (2021: 22%). The corporate tax rate is applied to the tax base that will be found as a result of the deduction of the expenses that are not allowed to be deducted in accordance with the tax laws to the commercial income of the corporations, the exception to the tax law (except for the participation earnings exemption, investment allowance exception etc.) and the reduction of discounts (such as R & D discount). (Except withholding tax at the rate of 12.24%, calculated and paid over the benefited exception amount, in case of investment incentive exemption used within the scope of Income Tax Law Temporary Article 61).

Dividends paid to on-resident corporations, which have a place of business in Turkey, or resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15% (31 December 2021: 15%). An increase in capital via issuing bonus shares is not considered as a profit distribution and thus does not incur withholding tax.

Companies calculate temporary tax at the rate of 25% on their quarterly financial profits and declare it until the 14th day of the second month following that period and pay it until the evening of the 17th day. The temporary tax paid during the year belongs to that year and is deducted from the corporate tax to be calculated over the corporate tax return to be submitted in the following year. If the amount of temporary tax paid remains despite the deduction, this amount can be refunded in cash or set off against any other financial debt to the state.

For the period ended 30 September 2022 and 2021, tax expense in the profit or loss comprised the following:

	<b>1 January - 30 September 2022</b>	<b>1 July - 30 September 2022</b>	<b>1 January - 30 September 2021</b>	<b>1 July - 30 September 2021</b>
Corporate tax expense current period	(86,399,029)	(45,140,818)	-	-
Deferred tax assets/(liabilities)	63,411,360	24,408,969	2,458,002	(2,236,160)
<b>Total tax income/(expense)</b>	<b>(22,987,669)</b>	<b>(20,731,849)</b>	<b>2,458,002</b>	<b>(2,236,160)</b>

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**NOTE 18 - INCOME TAXES (Continued)**

The breakdown of cumulative temporary differences and the resulting deferred income tax assets/(liabilities) provided as follows:

	Cumulative temporary differences		Deferred income tax assets/(liabilities)	
	30 September 2022	31 December 2021	30 September 2022	31 December 2021
<b>Deferred tax assets/(liabilities)</b>				
Derivative instruments	19,061,407	113,812,719	(4,384,124)	(26,176,925)
Investment incentive discount	-	(12,913,023)	-	2,969,995
Litigation	(1,491,271)	(886,642)	342,992	203,928
Unused leave allowances	(14,922,771)	(16,887,549)	3,432,237	3,884,136
Provision for severance pay	(21,754,962)	(19,153,416)	4,350,992	3,830,683
Tangible and intangible assets	(26,528,200)	(22,704,683)	5,305,640	4,578,790
Inventory impairment	(28,223,011)	(58,650,971)	6,491,293	13,489,723
Trade receivables	(37,522,230)	306,303	8,630,113	(70,450)
Year-round construction projects	(52,453,722)	35,423,081	12,064,356	(8,147,309)
Provisions	(58,850,789)	(42,239,353)	13,535,681	9,715,051
Trade payables	(81,365,453)	(27,028,504)	20,341,363	6,216,556
Other	(68,969,178)	(52,469,200)	15,862,911	12,067,916
<b>Deferred tax assets/(liabilities), Net</b>			<b>85,973,454</b>	<b>22,562,094</b>

Movements of deferred tax assets and liabilities at 1 January – 30 September 2022 and 2021 as follows:

	2022	2021
<b>1 January</b>	<b>22,562,094</b>	<b>30,945,261</b>
Associated with the profit or loss	63,411,360	2,458,002
<b>30 September</b>	<b>85,973,454</b>	<b>33,403,263</b>

**NOTE 19 - EARNINGS PER SHARE**

Earnings per share is calculated by dividing the net profit for the period attributed to the parent company shares by the weighted average number of shares of the Company during the period.

	1 January - 30 September 2022	1 July - 30 September 2022	1 January - 30 September 2021	1 July - 30 September 2021
Net profit per share of the parent	146,807,634	63,016,461	20,772,107	3,067,675
Weighted average number of ordinary shares issued	216,733,652	216,733,652	216,733,652	216,733,652
<b>Earnings per share</b>	<b>0,6774</b>	<b>0,2908</b>	<b>0,0958</b>	<b>0,0142</b>

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**NOTE 20 - RELATED PARTY DISCLOSURES**

Short-term and long-term trade receivables from related parties are as follows:

	<b>30 September 2022</b>	<b>31 December 2021</b>
	<b>Trade receivables</b>	<b>Trade receivables</b>
Prysmian Cavi e Sistemi Italia S.r.l.	193,803,381	67,504,916
Prysmian Group Norge AS	26,830,608	9,834,637
Draka Denmark Optical Cable AS	18,421,670	-
Prysmian Kabel und Systeme GmbH	10,803,424	6,568,037
Oman Cables Industry (SAOG)	8,210,909	1,094,578
Prysmian Cabluri Si Sisteme S.	5,660,282	1,157,445
Prysmian Finland Oy	4,061,716	6,948,208
Prysmian S.P.A.	2,524,372	1,994,391
Prysmian Group Baltics AS	2,101,675	17,469
Draka Kabel Sverige AB	2,083,339	-
Draka Comteq UK Limited	848,904	1,903,620
Prysmian Australia Pty Ltd	404,672	710,828
Prysmian Cables & Systems Limited	154,383	1,673,867
Prysmian MKM Magyar Kabel Muve	108,799	414,191
Other	16,215,181	11,694,672
	<b>292,233,315</b>	<b>111,516,859</b>

	<b>30 September 2022</b>		<b>31 December 2021</b>	
	<b>Trade payables</b>	<b>Other payables</b>	<b>Trade payables</b>	<b>Other payables</b>
Prysmian Cables and Systems OY/Finland	569,456,206	-	150,321,965	-
Prysmian S.P.A.	220,961,070	-	72,637,278	-
Prysmian Cables et Systèmes Fr	64,334,216	-	-	-
Prysmian Cavi e Sistemi Italia S.r.l.	55,354,095	-	15,405,525	-
SILEC Cable, S.A.S.	38,105,648	-	82,725,240	-
Prysmian Kabel und Systeme GmbH	25,615,752	-	3,959,292	-
Prysmian Cavi e Sistemi S.r.l	16,384,318	-	9,205,910	-
Prysmian Netherlands B.V.	13,819,893	-	-	-
Draka Kably SRO	13,611,054	-	-	-
Oman Aluminium Processing Industrie	10,450,102	-	-	-
Prysmian Wuxi Cable Company Lt	8,036,682	-	-	-
Draka Comteq UK Limited	6,434,807	-	-	-
Prysmian Cables (Shangai) Trad	3,878,388	-	-	-
General Cable Celcat, Energia	1,968,834	-	-	-
Draka Holding B.V.		175,000,000	-	-
Other	18,717,190	-	2,259,788	-
	<b>1,067,128,255</b>	<b>175,000,000</b>	<b>336,514,998</b>	<b>-</b>

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**NOTE 20 - RELATED PARTY DISCLOSURES (Continued)**

Sales transactions with related parties are as follows:

	<b>1 January- 30 September 2022 Sales</b>	<b>1 June- 30 September 2022 Sales</b>	<b>1 January- 30 September 2021 Sales</b>	<b>1 June- 30 September 2021 Sales</b>
Prysmian Cavie Sistemi Italia S.r.l.	170,877,193	44,891,933	88,728,831	25,327,614
Prysmian Group Norge AS	78,698,315	44,103,404	47,101,440	16,847,612
Draka Denmark Optical Cable AS	57,572,185	16,726,689	-	-
Prysmian Cabluri si Sisteme S.A.	27,085,573	7,171,786	17,758,418	7,833,027
Prysmian Finland Oy	13,944,807	471,756	-	-
Prysmian Kabel und Systeme GmbH	12,362,398	12,362,398	7,752,684	1,610,720
Prysmian Cables & Systems Ltd.	11,009,375	154,364	22,395,477	7,813,557
LLC Rybinskelektrokabel	10,609,878	3,926,366	-	-
Oman Cables Industry SAOG	10,022,342	8,154,673	1,998,106	561,149
Prysmian New Zealand Ltd	6,066,572	6,066,572	-	-
Draka Comteq UK Ltd	5,441,652	870,630	2,831,558	504,644
Draka Kabel Sverige AB	3,989,735	536,021	9,990,485	2,956,741
Singapore Cables Manufacturers Pte Ltd	2,556,494	2,046,979	13,249,969	896,651
Prysmian Spain, S.A.	283,398	283,398	5,625,127	583,734
Other	20,847,373	8,413,656	16,444,686	3,377,743
	<b>431,367,290</b>	<b>156,180,625</b>	<b>233,876,781</b>	<b>68,313,192</b>

Purchase transactions with related parties are as follows:

	<b>1 January- 30 September 2022 Purchases</b>	<b>1 June- 30 September 2022 Purchases</b>	<b>1 January- 30 September 2021 Purchases</b>	<b>1 June- 30 September 2021 Purchases</b>
Prysmian Finland Oy	362,876,413	99,379,475	3,107,317	28,819
Prysmian S.P.A.	215,766,251	113,033,725	133,612,523	25,174,027
SILEC Cable, S.A.S.	175,887,619	175,887,619	-	-
Prysmian Kabel und System GmbH	128,973,989	59,113,263	35,903,651	16,374,281
Prysmian Cavi e Sistemi Italia S.r.l.	95,480,992	2,850,563	40,103,007	10,370,592
Prysmian Cables et Systèmes Fr	66,819,951	66,819,951	-	-
Draka Comteq UK Ltd	30,473,528	10,310,276	4,664,949	2,199,785
Prysmian MKM Magyar Kabel Muve	23,467,396	15,616,249	32,955,270	3,914,813
Oman Aluminium Processing Industrie	21,870,906	9,436,723	-	-
Prysmian Netherlands B.V.	17,946,087	6,005,638	4,011,209	155
Prysmian Cabluri Si Sisteme S.	10,185,153	6,425,019	-	-
Fibre Ottiche Sud - F.O.S. S.r.l.	7,546,134	2,859,660	1,352,599	730,146
Draka Comteq Germany GmbH	3,956,183	1,415,624	3,120,137	767,945
Draka Comteq Fibre BV	2,486,045	-	478,937	253,771
Other	36,501,039	19,429,061	15,497,255	8,163,666
	<b>1,200,237,686</b>	<b>588,582,846</b>	<b>274,806,854</b>	<b>67,978,000</b>

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**NOTE 20 - RELATED PARTY DISCLOSURES (Continued)**

Service purchases made with related parties are as follows::

	<b>1 January- 30 September 2022</b>	<b>1 June- 30 September 2022</b>	<b>1 January- 30 September 2021</b>	<b>1 June- 30 September 2021</b>
	<b>Service Purchases</b>	<b>Service Purchases</b>	<b>Service Purchases</b>	<b>Service Purchases</b>
Prysmian S.P.A	51,896,554	19,169,630	23,188,572	8,167,524
Prysmian Cavi e Sistemi S.r.l.	20,660,542	6,990,911	10,741,195	3,603,664
	<b>72,557,096</b>	<b>26,160,541</b>	<b>33,929,767</b>	<b>11,771,188</b>

License expenses with related parties:

	<b>1 January- 30 September 2022</b>	<b>1 June- 30 September 2022</b>	<b>1 January- 30 September 2021</b>	<b>1 June- 30 September 2021</b>
	<b>Service Purchases</b>	<b>Service Purchases</b>	<b>Service Purchases</b>	<b>Service Purchases</b>
Prysmian S.P.A	51,896,554	19,169,630	23,188,572	8,167,524
Prysmian Cavi e Sistemi S.r.l.	20,660,542	6,990,911	10,741,195	3,603,664
	<b>72,557,096</b>	<b>26,160,541</b>	<b>33,929,767</b>	<b>11,771.188</b>

Service purchases from group companies cover three types of service fees. These are;

**TAF (Technical Assistance Fees) license agreement:**

License fee; It is calculated as 1.25% over net production sales and invoiced by the relevant companies.

**SAG (Service Agreement)**

Service agreement: made for all group companies at the Prysmian Group Holding headquarters; Cost allocations are invoiced according to various distribution keys on a company basis, such as legal, sales support, R&D, consultancy.

**IT (IT Service Agreement) IT service agreement:**

All IT expenses incurred on behalf of group companies are calculated at the Prysmian Group Holding headquarters. Cost allocations are determined according to various distribution keys, and the amount of their shares is invoiced to the group companies.

The IT service fee received from Prysmian SPA is related to the SAP system, which was revised in 2011. It covers all of the technical assistance, consultancy and expenses incurred in line with the system revision.

With the statement made on 26 July 2019, the Group was announced by the Prysmian Group central management; Provided that the 3-year targets committed within the framework of Prysmian Turkey R&D center activities are achieved, it has been decided to revise the license rate from 2% to 1,25% (effective from 1 January 2019).

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**NOTE 20 - RELATED PARTY DISCLOSURES (Continued)**

Benefits provided to senior executives are as follows:

	<b>1 January - 30 September 2022</b>	<b>1 January - 30 September 2021</b>
Payments and other short-term benefits	13,706,913	5,379,699
Other	50,370	8,045
	<b>13,757,283</b>	<b>5,387,744</b>

**NOTE 21 - RIGHT OF USE ASSETS**

	<b>Buildings</b>	<b>Vehicles, floors and fixtures</b>	<b>Total</b>
<b>1 January 2022</b>	<b>246,424</b>	<b>868,173</b>	<b>1,114,597</b>
Additions	-	5,955,349	5,955,349
Depreciation expense	(166,876)	(966,601)	(1,133,477)
<b>30 September 2022</b>	<b>79,548</b>	<b>5,856,921</b>	<b>5,936,469</b>

	<b>Buildings</b>	<b>Vehicles, floors and fixtures</b>	<b>Total</b>
<b>1 January 2021</b>	<b>2,937,800</b>	<b>369,498</b>	<b>3,307,298</b>
Additions	-	57,376	57,376
Disposals	(83,354)	-	(83,354)
Depreciation expense	(525,953)	(144,830)	(670,783)
<b>30 September 2022</b>	<b>2,328,493</b>	<b>282,044</b>	<b>2,610,537</b>



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**NOTE 22 - FOREIGN CURRENCY POSITION**

	30 September 2022				31 December 2021			
	TRY Equivalent	USD	EUR	GBP	TRY Equivalent	USD	EUR	GBP
1. Trade Receivables	811,188,022	26,086,868	18,104,580	199,497	423,703,893	18,681,701	12,246,867	-
83,077								
2a. Monetary Financial Assets (including cash bank accounts)	151,987,668	4,944,267	3,350,406	22,498	319,476,314	5,676,521	16,741,877	-
2b. Non-monetary Financial Assets	-	-	-	-	-	-	-	-
3. Other	107,281,498	-	5,985,622	-	126,506,910	-	8,616,287	-
<b>4. Current Assets (1+2+3)</b>	<b>1,070,457,188</b>	<b>31,031,135</b>	<b>27,440,608</b>	<b>221,995</b>	<b>869,687,117</b>	<b>24,358,222</b>	<b>37,605,031</b>	-
83,077								
5. Trade Receivables	-	-	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-	-	-
6b. Non-monetary Financial Assets	-	-	-	-	-	-	-	-
7. Other	-	-	-	-	-	-	-	-
<b>8. Non-Current Assets (5+6+7)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>9. Total Assets (4+8)</b>	<b>1,070,457,188</b>	<b>31,031,135</b>	<b>27,440,608</b>	<b>221,995</b>	<b>869,687,117</b>	<b>24,358,222</b>	<b>37,605,031</b>	<b>-</b>
10. Trade Payables	(620,877,133)	(6,186,667)	(28,191,600)	-	(1,151,817,705)	(49,433,088)	(34,614,861)	-
11. Financial Liabilities	-	-	-	-	-	-	-	-
12a. Other Monetary Liabilities	(427,580,688)	(9,166,068)	(14,350,386)	-	(614,964,409)	(6,818,436)	(35,782,566)	-
12b. Other Non-monetary Liabilities	-	-	-	-	-	-	-	-
<b>13. Short-term Liabilities (10+11+12)</b>	<b>(1,048,457,821)</b>	<b>(15,352,735)</b>	<b>(42,541,986)</b>	<b>-</b>	<b>(1,766,782,114)</b>	<b>(56,251,524)</b>	<b>(70,397,427)</b>	<b>-</b>
14. Trade Payables	-	-	-	-	-	-	-	-
15. Financial Liabilities	-	-	-	-	-	-	-	-
16 a. Other Monetary Liabilities	-	-	-	-	-	-	-	-
16. b Other Non-monetary Liabilities	-	-	-	-	-	-	-	-
<b>17. Long-term Liabilities (14+15+16)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>18. Total Liabilities (13+17)</b>	<b>(1,048,457,821)</b>	<b>(15,352,735)</b>	<b>(42,541,986)</b>	<b>-</b>	<b>(1,766,782,114)</b>	<b>(56,251,524)</b>	<b>(70,397,427)</b>	<b>-</b>
<b>19. Net Asset/(Liability) Position of the Off-Balance Sheet</b>								
Foreign Exchange Based Derivatives (19a-19b)	(48,639,540)	(15,000,000)	12,800,000	(180,000)	743,676,485	35,300,000	19,450,000	-
19.a. The Amount of the Asset Type Off Balance	229,416,960	-	12,800,000	-	743,676,485	35,300,000	19,450,000	-
19.b. The Amount of the Liability Type Off Balance	278,056,500	15,000,000	-	180,000	-	-	-	-
<b>20. Net Foreign Exchange Asset/(Liability) Position (9+18+19)</b>	<b>(26,640,173)</b>	<b>678,400</b>	<b>(2,301,378)</b>	<b>41,995</b>	<b>(153,418,512)</b>	<b>3,406,698</b>	<b>(13,342,396)</b>	<b>-</b>
83,077								
<b>21. Net Foreign Currency Asset/ (Liability) Position of (UFRS 7.B23) (=1+2a+5+6a+10+11+12a+14+15+16a)</b>	<b>(85,282,131)</b>	<b>15,678,400</b>	<b>(21,087,000)</b>	<b>221,995</b>	<b>(1,023,601,907)</b>	<b>(31,893,302)</b>	<b>(41,408,683)</b>	<b>-</b>
83,077								
<b>22. Total Fair Value of Financial Instruments Used for - Foreign Currency Hedging</b>	<b>(48,639,540)</b>	<b>(15,000,000)</b>	<b>12,800,000</b>	<b>(180,000)</b>	<b>743,676,485</b>	<b>35,300,000</b>	<b>19,450,000</b>	<b>-</b>
<b>23. Hedged Foreign Exchange Assets **</b>	<b>229,416,960</b>	<b>-</b>	<b>12,800,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>24. Hedged Foreign Exchange Liabilities ***</b>	<b>278,056,500</b>	<b>15,000,000</b>	<b>-</b>	<b>180,000</b>	<b>743,676,485</b>	<b>35,300,000</b>	<b>19,450,000</b>	<b>-</b>
<b>25. Export</b>	<b>999,182,656</b>	<b>25,862,352</b>	<b>34,715,574</b>	<b>739,290</b>	<b>862,647,437</b>	<b>45,975,288</b>	<b>40,944,504</b>	<b>-</b>

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2,184,292								
26. Import	1,226,697,781	5,655,980	63,975,849	39,853	939,227,984	27,811,853	65,999,787	
10,537								

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**NOTE 22 - FOREIGN CURRENCY POSITION (Continued)**

**Table of Sensitivity Analysis for Foreign Currency Risk:**

	<b>30 September 2022</b>	
	<b>Profit/(Loss) Depreciation of foreign currency</b>	<b>Profit/(Loss) Appreciation of foreign currency</b>
<b>10% change in USD against TRY:</b>		
USD net assets/liabilities	28,960,647	(28,960,647)
USD hedged from risks (-)	(27,756,000)	27,756,000
<b>USD net effect</b>	<b>1,204,647</b>	<b>(1,204,647)</b>
<b>10% change in EUR against TRY:</b>		
EUR net assets/liabilities	(26,934,463)	(26,934,463)
EUR hedged from risks (-)	22,983,680	(22,983,680)
<b>EUR net effect</b>	<b>(3,950,783)</b>	<b>(3,950,783)</b>
<b>10% change in Others average against TRY:</b>		
Others net assets/liabilities	443,990	(443,990)
Others hedged from risks (-)	(361,872)	361,872
<b>Others net effect</b>	<b>82,118</b>	<b>(82,118)</b>
<b>Total</b>	<b>(2,664,017)</b>	<b>(2,664,017)</b>
	<b>31 December 2021</b>	
	<b>Profit/(Loss) Depreciation of foreign currency</b>	<b>Profit/(Loss) Appreciation of foreign currency</b>
<b>10% change in USD against TRY:</b>		
USD net assets/liabilities	(41,521,161)	41,521,161
USD hedged from risks (-)	45,810,575	(45,810,575)
<b>USD net effect</b>	<b>4,289,414</b>	<b>(4,289,414)</b>
<b>10% change in EUR against TRY:</b>		
EUR net assets/liabilities	(48,333,333)	48,333,333
EUR hedged from risks (-)	28,557,074	(28,557,074)
<b>EUR net effect</b>	<b>(19,776,259)</b>	<b>19,776,259</b>
<b>10% change in Others average against TRY:</b>		
Others net assets/liabilities	144,994	(144,994)
Others hedged from risks (-)	-	-
<b>Others net effect</b>	<b>144,994</b>	<b>(144,994)</b>
<b>Total</b>	<b>(15,341,851)</b>	<b>15,341,851</b>

The Group evaluates its foreign currency assets at the "buying" rate, while valuing its foreign currency liabilities at the "sales" rate.

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**NOTE 23 - FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND  
EXPLANATIONS IN THE FRAMEWORK OF HEDGE ACCOUNTING)**

**Classification of financial instruments**

The Group has classified its financial assets and liabilities as financial investments, loans and receivables. The Group's financial assets are classified as cash and cash equivalents, trade receivables and other receivables, loans and derivative instruments and are presented at amortized cost using the effective interest method. The Group's financial liabilities consist of financial liabilities, trade payables, derivative instruments payables and other payables and are classified as financial liabilities carried at discounted cost and presented at amortized cost using the effective interest method.

Fair value is the amount at which a financial instrument could be exchanged in a current transaction between voluntary parties, other than in a forced sale or liquidation, and is best determined by an established market price, if any.

The estimated fair values of financial instruments have been determined by the Company using available market information and appropriate valuation methods. However, judgment is used in interpreting market data for the purpose of estimating fair value. Accordingly, the estimates presented here may not be indicative of the values that the Group could realize in a current market transaction.

The following methods and assumptions have been used in estimating the fair values of financial instruments whose fair value can be determined:

**Financial assets**

The fair values of the balances denominated in foreign currency translated at period-end rates are considered to approximate their book values. Cash and cash equivalents are presented at their fair values. It is assumed that the fair values of trade receivables and receivables from related parties approximate their book values due to their short-term nature. Derivative instruments are shown at their fair values.

**Financial liabilities**

Trade payables, payables to related parties and other monetary liabilities are estimated to be approximated to their fair values together with their discounted book values, and it is accepted that the fair values of the foreign currency balances translated with year-end rates approximate their book values. Liabilities from derivative instruments are shown at their fair values.

The table below contains the analysis of financial instruments whose fair value is determined by valuation method. Fair value calculations are based on the stages described below:

- Quoted prices (unadjusted) in active markets for certain assets and liabilities (Level 1).
- Observable inputs, either directly (as prices) or indirectly (derived from prices), for assets or liabilities other than quoted prices within Level 1 (Level 2).
- Inputs (unobservable inputs) for assets and liabilities that cannot be determined on the basis of observable market data (Level 3).

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**NOTE 23 - FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND  
EXPLANATIONS IN THE FRAMEWORK OF HEDGE ACCOUNTING)  
(Continued)**

The table below consists of the Group's assets calculated at fair value as of 30 September 2022 and 31 December 2021.

<b>Financial assets / liabilities</b>	<b>Reasonable value</b>		<b>Reasonable value level</b>	<b>Valuation Technique</b>
	<b>30 September 2022</b>	<b>31 December 2021</b>		
Financial assets/ (liabilities) from foreign currency forward contracts	(19,061,407)	113,812,719	Level 2	Future cash flows estimated using forward exchange rates (observable forward exchange rates at maturity) and contract rates are discounted using a rate that reflects the credit risk of the various parties.

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