

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF  
THE CONSOLIDATED FINANCIAL STATEMENTS  
AT 31 DECEMBER 2022  
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT**

**(ORIGINALLY ISSUED IN TURKISH)**



**CONVENIENCE TRANSLATION INTO ENGLISH OF  
INDEPENDENT AUDITOR'S REPORT  
ORIGINALLY ISSUED IN TURKISH**

**INDEPENDENT AUDITOR'S REPORT**

To the General Assembly of Türk Prysmian Kablo ve Sistemleri A.Ş.

**A. Audit of the consolidated financial statements**

**1. Our opinion**

We have audited the accompanying consolidated financial statements of Türk Prysmian Kablo ve Sistemleri A.Ş. (the "Company") and its subsidiaries (collectively referred to as the "Group") which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements comprising a summary of significant accounting policies.

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

**2. Basis for opinion**

Our audit was conducted in accordance with the Standards on Independent Auditing (the "SIA") that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We hereby declare that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (including Independence Standards) (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

**3. Key audit matters**

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



Key Audit Matters	How the key audit matter was addressed in the audit
<p><b>Recoverability of trade receivables (Refer to Notes 2.5, 2.6, 4 and 27)</b></p>	
<p>Trade receivables from third parties amounting TRY 1,119,793,538 as of 31 December 2022 are material to the consolidated financial statements.</p> <p>The Group management takes into account the customer risk base, guarantees received from its customers, past collection performances, maturity analysis and disputes or claims related to receivables when evaluating recoverability. The determination of doubtful receivables together with the respective provisions includes the Group management’s estimations and assumptions. The outcome of such estimates is very sensitive to changes in market conditions.</p> <p>Therefore, recoverability of trade receivables is a key matter for our audit.</p>	<p>We performed the following procedures in relation to the audit of the recoverability of trade receivables:</p> <ul style="list-style-type: none"> <li>• The Group's credit risk management policy, including credit limit and collection management, were reviewed and assessed.</li> <li>• Trade receivables from non-related parties were tested on a sample basis by sending confirmation letters.</li> <li>• The aging of trade receivable balances has been tested on a sample basis.</li> <li>• The collections of trade receivables in the subsequent period were tested on a sample basis.</li> <li>• The guarantee letters received from customers were tested on a sample basis.</li> <li>• Inquiries with the Group management in relation to any disputes with customers or lawsuits regarding the collectability of trade receivables from non-related parties, and written inquiries with the the Group’s legal counsellors on outstanding litigation and disputes with customers in relation to trade receivables were assessed.</li> <li>• Based on the inquiries with the Group management, the reasonableness of Group management’s assumptions and judgements underlying the calculations of impairment of trade receivables were assessed.</li> <li>• The adequacy and appropriateness of the disclosures of recoverability of trade receivables in the consolidated financial statements were assessed in accordance with TFRS.</li> </ul>



Key Audit Matters	How the key audit matter was addressed in the audit
<p><b>Recognition of revenue from construction contracts (Refer to Notes 2.5, 2.6, 16 and 17)</b></p>	
<p>The amount of the consolidated revenue of the Group for the year ending on 31 December 2022 is TRY7,186,815,354 and TRY1,340,867,456 of the consolidated revenue has been recognised in accordance with percentage of completion method and over a period of time as stated in TFRS 15 Revenue from Customer Contracts (“TFRS 15”). The Group accounted contractual assets amounting to TRY802,679,661 and contractual liabilities amounting to TRY319,101,728 in its consolidated financial statement of position as of 31 December 2022 in accordance with TFRS 15.</p> <p>Within the context of this method; amounts, which are recognised as the revenue and cost in relation to the ongoing construction projects, are based on the estimations and assumptions stated in construction project budgets. Revenue recognition and the determination of the results of construction projects including specific conditions to relevant projects, estimation of the cost to complete of the projects, the impact of the future incidents on the contract revenue and the recognition of changes in the project, depend on the estimations and judgements of the management. In addition, these estimations and assumptions mainly consist of compliance with the conditions specified in TFRS 15, the expected costs to be incurred for the completion of the project, the conclusion of the contracts and the estimation of the completion rate.</p> <p>Main risks determined by us regarding this matter are inaccurate estimations and assumptions by the management, not revising the budget as required and on time in line with the changing conditions and making inaccurate calculations according to percentage of completion method.</p>	<p>We performed the following procedures in relation to the audit of recognition of revenue from construction contracts:</p> <ul style="list-style-type: none"> <li>• We understood and assessed the processes for determining the accuracy and timing of the revenue recognition in the consolidated financial statements and controls designed by the Group management.</li> <li>• We reviewed the significant project contracts on a sample basis. We assessed the contract clauses and conditions and tested whether the project conditions have been appropriately reflected to the accounting records when recognising relevant contracts as per in line with TFRS 15.</li> <li>• We reviewed the cost budgets for significant construction projects and the historical accuracy and prudence of the budgets and estimations have been evaluated. We have discussed with the Group management, including project managers, about the progress and cost budgets of construction projects and tested if the changes in budgets can be justified by the incidents.</li> <li>• We tested actual cost budgets (personnel, material, sub-contractor, etc.) by reviewing the supporting documents on a sample basis.</li> </ul>



Key Audit Matters	How the key audit matter was addressed in the audit
<p>Since contract and calculations are complex, they have significant impact on the consolidated financial statements and due to above-mentioned risk factors; we considered this matter as a key audit matter.</p>	<ul style="list-style-type: none"> <li>• Percentage of completion worksheets prepared by the Group management have been tested. Accordingly, existence and accuracy of the actual costs, additional cost to complete of the project, accuracy of the percentage of completion method and total calculations have been tested by us using recalculation method. We have questioned the expectations in the project schedule in the meetings with accounting and technical teams, and whether the provisions calculated for the projects falling behind the schedule (if any) are in line with the clauses of the contract.</li> <li>• We tested on a sample basis sales invoices for identification of transfer of control and settlement of terms of contract with customers.</li> <li>• We assessed the appropriateness and adequacy of disclosures in the notes to the consolidated financial statements related to revenue from project contracts with customers in accordance with TFRS.</li> </ul>



#### **4. Responsibilities of management and those charged with governance for the consolidated financial statements**

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

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

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

#### **5. 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 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 SIA 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 SIA, we exercise professional judgment and maintain professional scepticism 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 actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



## **B. Other responsibilities arising from regulatory requirements**

1. 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 Company’s bookkeeping activities concerning the period from 1 January to 31 December 2022 period are not in compliance with the TCC and provisions of the Company’s articles of association related to financial reporting.
2. 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.
3. In accordance with subparagraph 4 of Article 398 of the TCC, the auditor’s report on the early risk identification system and committee was submitted to the Company’s Board of Directors on 21 February 2023.

## **Additional explanation for convenience translation into English**

Turkish Financial Reporting Standards differ from International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board with respect to the application of IAS 29 - Financial Reporting in Hyperinflationary Economies by 31 December 2022. Accordingly, the accompanying consolidated financial statements are not intended to present fairly the consolidated financial position and results of operations of the Group in accordance with IFRS.

PwC Bağımsız Denetim ve  
Serbest Muhasebeci Mali Müşavirlik A.Ş.

Özgür Beşikçioğlu, SMMM  
Partner

Istanbul, 21 February 2023



# TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş. AND ITS SUBSIDIARIES

## CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY AND 31 DECEMBER 2022

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**TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş. AND ITS SUBSIDIARIES****CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AT 31 DECEMBER 2022 AND 2021**

(Amounts expressed in TRY unless otherwise indicated)

	Notes	<i>Audited</i> 31 December 2022	<i>Audited</i> 31 December 2021
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	280,398,600	411,993,946
Derivative instruments	12	625,544	113,812,719
Trade receivables		1,119,793,538	733,965,671
- Due from related parties	26	61,343,368	111,516,859
- Due from third parties	4	1,058,450,170	622,448,812
Other receivables		75,633	71,513
- Due from third parties	5	75,633	71,513
Contract assets		802,679,661	211,740,534
- Contract assets arising from ongoing construction and contracting business	16	802,679,661	211,740,534
Inventories	6	767,961,699	452,314,616
Prepaid expenses	7	178,631,995	25,915,106
Current income tax assets	24	82,673,004	29,072,932
Other current assets	10	131,275,797	48,064,534
<b>TOTAL CURRENT ASSETS</b>		<b>3,364,115,471</b>	<b>2,026,951,571</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	8	89,720,494	82,396,773
Right of use assets	28	5,277,600	1,114,597
Intangible assets other than goodwill	9	1,516,939	2,121,006
Prepaid expenses	7	-	20,511,914
Deferred tax assets	24	95,524,122	22,562,094
Other non-current assets	10	287,838,903	127,072,561
<b>TOTAL NON-CURRENT ASSETS</b>		<b>479,878,058</b>	<b>255,778,945</b>
<b>TOTAL ASSETS</b>		<b>3,843,993,529</b>	<b>2,282,730,516</b>

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

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

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AT 31 DECEMBER 2022 AND 2021**

(Amounts expressed in TRY unless otherwise indicated)

	Notes	<i>Audited</i> 31 December 2022	<i>Audited</i> 31 December 2021
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Short-term borrowings	11	70,000,000	-
Liabilities arising from leasing transactions	11	2,971,563	918,651
Trade payables		2,051,575,232	1,327,122,745
- Due to related parties	26	1,095,811,896	336,514,998
- Due to third parties	4	955,763,336	990,607,747
Employee benefit obligations	13	11,223,800	5,279,323
Other payables		175,000,000	484,432
- Due to related parties	26	175,000,000	50,641
- Due to third parties	5	-	433,791
Contractual obligations		319,101,728	312,157,473
- Contractual obligations arising from ongoing construction and contracting business	7	319,101,728	312,157,473
Deferred income (excluding contractual obligations)	7	203,940,904	80,906,190
Short-term provisions		308,903,340	85,753,209
- Short-term provisions for employee benefits	13	21,021,814	28,527,678
- Other short-term provisions	14	287,881,526	57,225,531
Other current liabilities	10	47,843,519	6,205,439
<b>Total Current Liabilities</b>		<b>3,190,560,086</b>	<b>1,818,827,462</b>
<b>Non-Current Liabilities:</b>			
Liabilities arising from leasing transactions	11	2,920,969	486,410
Long-term provisions		45,685,891	25,453,366
- Long-term provisions for employee benefits	13	37,632,036	19,153,416
- Other long-term provisions	14	8,053,855	6,299,950
<b>Total Non-Current Liabilities</b>		<b>48,606,860</b>	<b>25,939,776</b>
<b>Total Liabilities</b>		<b>3,239,166,946</b>	<b>1,844,767,238</b>
<b>EQUITY</b>			
Paid in share capital	15	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		(18,434,800)	(6,786,800)
- That will not be reclassified to profit or loss		(18,434,800)	(6,786,800)
Restricted reserves	15	16,540,411	14,123,489
Retained earnings		161,822,885	135,001,626
Net profit for the year		190,006,118	40,732,994
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>3,843,993,529</b>	<b>2,282,730,516</b>

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

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

**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME  
FOR THE YEARS ENDED 31 DECEMBER 2022 AND 2021**

(Amounts expressed in TRY unless otherwise indicated)

	Notes	<i>Audited</i> 1 January - 31 December 2022	<i>Audited</i> 1 January - 31 December 2021
<b>PROFIT OR LOSS</b>			
Revenue	17	7,186,815,354	3,220,770,171
Cost of sales	17	(6,327,260,526)	(2,841,907,068)
<b>Gross Profit</b>		<b>859,554,828</b>	<b>378,863,103</b>
General administrative expenses (-)	19	(150,042,582)	(81,094,744)
Marketing selling and distribution expenses (-)	19	(377,167,053)	(191,744,493)
Research and development expenses (-)	18	(8,903,876)	(5,867,026)
Other operating income	21	273,634,580	294,499,880
Other operating expense (-)	21	(315,185,597)	(335,393,528)
<b>Operating Profit</b>		<b>281,890,300</b>	<b>59,263,192</b>
Income from investment activities	22	3,663,367	118,812
<b>Operating Profit</b>		<b>285,553,667</b>	<b>59,382,004</b>
Finance income	23	15,417,160	8,277,432
<b>Profit Before Taxation</b>		<b>210,027,041</b>	<b>48,706,361</b>
<b>Tax Expense</b>		<b>(20,020,923)</b>	<b>(7,973,367)</b>
Taxation on expense	24	(90,070,950)	-
Deferred tax (expenses)/income	24	70,050,027	(7,973,367)
<b>Net Profit for The Period</b>		<b>190,006,118</b>	<b>40,732,994</b>
Earnings per share	25	0,8767	0,1879
<b>OTHER COMPREHENSIVE INCOME/ (EXPENSE)</b>			
<b>Items that will not be reclassified to profit or loss, before tax</b>		<b>(14,560,000)</b>	<b>2,049,000</b>
Actuarial losses from defined benefit plans, before tax	13	(14,560,000)	2,049,000
<b>Total other comprehensive (expense)/income, before tax</b>		<b>(14,560,000)</b>	<b>2,049,000</b>
<b>Total tax effect of other comprehensive income/expense</b>		<b>2,912,000</b>	<b>(409,800)</b>
<b>Total taxes related items that will not be reclassified to profit or loss</b>			
Deferred tax (expenses)/income	24	2,912,000	(409,800)
<b>Total Other Comprehensive Income/(Expenses)</b>		<b>(11,648,000)</b>	<b>1,639,200</b>
<b>Total Comprehensive Income</b>		<b>178,358,118</b>	<b>42,372,194</b>

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

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

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED 31 DECEMBER 2022 AND 2021**

(Amounts expressed in TRY unless otherwise indicated)

	Share capital	Repurchased shares (-)	Premiums related to shares	Other comprehensive income and expense not to be reclassified to (loss)/profit	Actuarial loss on post employment termination benefits	Restricted reserves	Retained earnings	Net profit 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)	-	
Dividends	-	-	-	-	-	(7,974,127)	-	(7,974,127)	
Total comprehensive income	-	-	-	1,639,200	-	-	40,732,994	42,372,194	
- <i>Net profit for the period</i>	-	-	-	-	-	-	40,732,994	40,732,994	
- <i>Other comprehensive expense</i>	-	-	-	1,639,200	-	-	-	1,639,200	
<b>Balances at 31 December 2021</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>	
<b>Balances at 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)	-	
Dividends	-	-	-	-	-	(11,494,813)	-	(11,494,813)	
Total comprehensive income	-	-	-	(11,648,000)	-	-	190,006,118	178,358,118	
- <i>Net profit for the period</i>	-	-	-	-	-	-	190,006,118	190,006,118	
- <i>Other comprehensive income/(expense)</i>	-	-	-	(11,648,000)	-	-	-	(11,648,000)	
<b>Balances at 31 December 2022</b>	<b>216,733,652</b>	<b>(2,496,301)</b>	<b>40,654,618</b>	<b>(18,434,800)</b>	<b>16,540,411</b>	<b>161,822,885</b>	<b>190,006,118</b>	<b>604,826,583</b>	

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

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

**CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED 31 DECEMBER 2022 AND 2021**

(Amounts expressed in TRY unless otherwise indicated)

		<i>Audited</i>	<i>Audited</i>
	Notes	1 January - 31 December 2022	1 January - 31 December 2021
<b>Cash flows from operating activities</b>			
<b>Net profit for the period</b>		<b>190,006,118</b>	<b>40,732,994</b>
<b>Adjustments to reconcile the profit for the period</b>			
Adjustments for tax expense	24	20,020,923	7,973,367
Adjustments for financial expense	23	90,943,786	18,953,075
Adjustments for interest income (-)	23	(15,417,160)	(8,277,432)
Adjustments for increase in inventories		(297,161,775)	(241,564,267)
Adjustments for increase in trade receivables		(389,522,213)	(336,023,184)
Adjustments to receivables related to operations		(4,120)	12,809
Adjustments for increases in contract assets		(590,939,127)	(195,361,421)
Adjustments for decrease in trade payables		724,452,487	856,268,951
Increase(decrease) in other payables arising from operations		174,515,568	387,370
Adjustments for depreciation and amortisation expense	20	13,659,011	9,866,641
Adjustments for impairment		(14,790,962)	65,435,931
Adjustments for provisions		230,250,656	42,326,020
Adjustments for fair value (gains)/losses	21	113,187,175	(130,673,129)
Other adjustments for non-cash items		(217,809,810)	283,854,046
Adjustments of gains on disposal of tangible and intangible assets	22	(3,663,367)	(118,812)
<b>Total adjustments for the period net profit (loss) reconciliation (+/-)</b>		<b>(162,278,928)</b>	<b>373,059,965</b>
<b>Cash flows from operating activities</b>		<b>27,727,190</b>	<b>413,792,959</b>
Taxes returns (payments)		(143,671,023)	(30,759,456)
Other cash outflows	13	(1,428,000)	(813,000)
<b>Net cash from operating activities</b>		<b>(117,371,833)</b>	<b>382,220,503</b>
<b>Net cash from investing activities</b>			
Cash inflows from the sale of property, plant and equipment		3,701,317	118,812
Cash outflows from the purchase of property, plant and equipment (-)	8	(17,914,201)	(25,795,153)
Cash outflows from the purchase of intangible assets (-)	9	-	(2,037,203)
Advances and debts given to other parties		20,511,914	(20,400,285)
Interest received		15,417,160	8,277,432
<b>Net cash from investing activities</b>		<b>21,716,190</b>	<b>(39,836,397)</b>
<b>Net cash from financing activities</b>			
Proceeds from borrowings	11	740,498,224	80,000,000
Repayments of borrowings	11	(670,468,180)	(130,000,000)
Cash outflows related to lease obligations		(3,561,192)	(1,568,579)
Dividends paid (-)	15	(11,494,813)	(7,974,127)
Interest paid (-)		(90,913,742)	(17,275,992)
<b>Net cash from financing activities</b>		<b>(35,939,703)</b>	<b>(76,818,698)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(131,595,346)</b>	<b>265,565,408</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>411,993,946</b>	<b>146,428,538</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>3</b>	<b>280,398,600</b>	<b>411,993,946</b>

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

# TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş. AND ITS SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 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.

The subsidiary of the Group is Türk Prysmian - Prysmian Powerlink DB. KAB. 19 İşi Adi Ortaklığı (Ordinary Partnership); is engaged in DB KAB19 referenced 400 kV Çanakkale Strait (Lapseki 3-Sütlüce 3) crossing and İzmit Körfez (Hersek-Dilovası) crossing Submarine Cable Connection works projects. It was established in 2021 in line with the opinion of the Revenue Administration. 99.99% of this subsidiary is owned by the Company and the remaining 0.01% of 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 31 December 2022 is 598 (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

Approval of the consolidated financial statements:

The consolidated financial statements were approved by the Board of Directors on 21 February 2023 and authorized for publication. The General Assembly and some other regulatory institutions and organizations have the authority to change the consolidated financial statements.

# TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş. AND ITS SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in TRY unless otherwise indicated)

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### NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

#### 2.1 Basis of Presentation

##### Declaration of conformity with TFRS

The Company and its subsidiaries located in Turkey keep and prepare their legal books and statutory financial statements in accordance with the accounting principles determined by the Turkish Commercial Code (“TCC”) and tax legislation.

The 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.

The consolidated financial statements have been presented in accordance with the formats determined in the “Announcement on TMS Taxonomy” published by POA on April 15, 2019 and the Financial Statement Examples and User Guide published by the CMB.

The 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.

##### 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.

##### Comparative information

In order to allow the determination of financial position and performance, the Company’s consolidated financial statements are prepared in comparison with the previous period. The Company presented the consolidated statement of financial position at 31 December 2022 comparatively with the statement of consolidated financial position at 31 December 2021. The Company presented the statements of consolidated profit or loss and other comprehensive income, cash flows and changes in equity for the period 1 January 2022 - 31 December 2022 comparatively with the consolidated statements of profit or loss and comprehensive income, cash flows and changes in equity for the period 1 January 2021 - 31 December 2021.

##### Going Concern

The Company has prepared its financial statements according to the going concern principle.



# TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş. AND ITS SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in TRY unless otherwise indicated)

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

#### 2.1 Basis of Presentation (Continued)

##### Consolidation principles

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.

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. Since non-controlling interests do not have a significant share in the net assets, current period consolidated profit or loss and other comprehensive income or expenses of the subsidiary, they are named as “non-controlling interests” in the consolidated statements of profit or loss and other comprehensive income and expense and changes in consolidated equity. also not classified. 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 December 2022 have been applied in a consistent manner with the consolidated financial statements prepared as of 31 December 2021. Accounting policy changes resulting from the first application of a new standard, if any, are applied retrospectively or prospectively in accordance with the transitional provisions. Changes that do not include any transitional provisions, optional significant changes in accounting policy or accounting errors detected are applied retrospectively and prior period financial statements are restated.

# TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş. AND ITS SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in TRY unless otherwise indicated)

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

#### 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.

#### 2.4 Amendments in Turkish Financial Reporting Standards

##### a) *Standards, amendments and interpretations applicable as at 31 December 2022:*

- **Amendment to IFRS 16, 'Leases' – Covid-19 related rent concessions;** effective from Annual periods beginning on or after 1 June 2020. As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On 28 May 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. 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.

## TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in TRY unless otherwise indicated)

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

##### 2.4 Amendments in Turkey Financial Reporting Standards (Continued)

*b. New standards published that are not in effect as of 31 December 2022 and changes and comments on existing previous standards:*

- **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;** 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.
- **Amendment to IFRS 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 IFRS 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.
- **Amendment to IAS 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.
- **IFRS 17, ‘Insurance Contracts’, as amended in December 2021;** 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.

The Group will evaluate the effects of the above changes on its operations and apply it as of their effective date. It is expected that the implementation of the above standards and interpretations will not have a significant impact on the Group's consolidated financial statements in the future.

##### 2.5 Summary of significant accounting policies

###### Related parties

Related parties are people or businesses that are related to the entity that prepared its consolidated financial statements (the reporting entity).

- a) directly, or indirectly through one or more intermediaries, the party:
- (i) controls, is controlled by, or is under common control with the Company (this includes parent, subsidiaries and fellow subsidiaries);
  - (ii) Has significant impact on the Company,
  - (iii) The Company or a parent of the Company is a member of the key management personnel.

## TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in TRY unless otherwise indicated)

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

##### 2.5 Summary of significant accounting policies (Continued)

###### Related parties (Continued)

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

- (i) The entity and the reporting entity are members of the same group (ie, each parent, subsidiary, and other subsidiary is related to the others).
- (ii) The entity is an associate or joint venture of the other entity (or a member of a group of which the other entity is a member).
- (iii) If both entities are joint ventures of the same third party.
- (iv) If one of the entities is a joint venture of a third entity and the other entity is an associate of that third entity.
- (v) If the entity has post-employment benefit plans for employees of the reporting entity or an entity associated with the reporting entity.

(c) An entity is associated with the reporting entity if any of the following conditions exist:

- (i) The sponsoring employers are also related to the reporting entity if the reporting entity itself has such a plan.
- (ii) The entity is controlled or jointly controlled by a person identified in (a).
- (iii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of that entity (or its parent).
- (iv) A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

###### Revenue

The accrual basis is applied in the determination of income and expense items. Accordingly, revenue, income and profits are accounted for in comparison with costs, expenses and losses for the same period.

###### Goods and services sales

The Group adopted TFRS 15, “Revenue From Contracts with Customers”; from 1 January 2018 which proposes a five step model framework mentioned below for recognizing the revenue

- Identify the contact with customers,
- Identify separate performance obligations in the contract,
- Determine the transaction price in contract,
- Allocate the transaction price to the performance obligations in the contract,
- Recognise revenue.

The Group recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to the customer. An asset is transferred when the customer obtains control of that asset or service.

According to this model, the goods or services undertaken in each contract with the customers are evaluated and each commitment to transfer the goods or services is determined as a separate performance obligation. Then, it is determined whether the performance obligations will be fulfilled in time or at a certain time. If the company transfers the control of a good or service over time and thus fulfils the performance obligations related to the sales in time, it measures the progress of the fulfilment of the performance obligations in full and takes the proceeds to the financial statements. Revenue related to performance obligations, such as goods or service transfer commitments, is recognized when customers are in control of the goods or services.

## TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in TRY unless otherwise indicated)

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

##### 2.5 Summary of significant accounting policies (Continued)

###### Revenue (Continued)

The Group recognizes a contract with its customer as revenue when all of the following conditions are met.

- a) The parties to the convention have ratified the contract (in accordance with written, oral or other commercial practices) and undertakes to perform their acts,
- b) The Group may define rights related to the goods or services to be transferred by each party,
- c) The Group may define payment terms for the goods or services to be transferred,
- d) The contract is essentially commercial,
- e) It is probable that the Group will be charged for the goods or services to be transferred to the customer. When evaluating whether the collectability of a price is probable, the entity shall consider only the customer's ability to pay the price at the due date and its intent.

The Group generates revenue from the production and sales of continuous casting, medium cut, large cut and ingot steel products. Revenue is recognized when control of the products is transferred to the customer.

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

- Ownership of the right to collect goods or services
- Ownership of the right of the customer
- The transfer of the physical possession of the goods
- Ownership of significant risks and benefits of property ownership
- Takes into account the conditions of the customer's acceptance of the goods.

For each performance obligation, the Group determines whether it has fulfilled its performance obligation at the beginning of the contract or whether the performance obligation fulfilled at a certain point in time. The Group records revenue from product sales in the financial statements following the transfer of control to the customer.

In the event that the Company has the right to collect a price directly corresponding to the value of its customer (from the delivery of products), the Group pays the revenue to the financial statements for the amount that it has the right to invoice.

If the group expects to pay back some or all of the amount collected from a customer to that customer, it reflects a refund liability in the financial statements. The refund obligation is calculated over the part of the amount that the business collects (or will be paid) that it does not expect to receive. The return obligation is updated at the end of each reporting period, taking into account changes in conditions.

###### Interest income

Interest income is calculated over the effective interest rate and accrued. In case of accruing unpaid interest prior to the acquisition of an interest-bearing security; subsequently collected interest is divided into pre-acquisition and post-acquisition periods, and only the post-acquisition portion is reflected in the financial statements as income.

# TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş. AND ITS SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in TRY unless otherwise indicated)

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

#### 2.5 Summary of significant accounting policies (Continued)

##### Revenue (Continued)

###### Construction contracts

In case the results of construction contracts cannot be estimated reliably, the income to be obtained from the contract is accounted for as much as the recoverable portion of the realized contract expenses. Contract expenses are recognized when incurred.

Contract revenue is recognized over the contract period when the outcome of construction contracts can be estimated reliably and the contract is likely to yield a profit. Changes to contracts, requested payments and incentive payments are added to contract revenues at the rate accepted by the customer and as long as they can be measured reliably.

Where it is probable that total contract expenses will exceed total contract revenue, the expected loss is recognized as an expense immediately.

The Group uses the “percentage of completion method” to determine the appropriate amount of revenue to be recognized for the relevant period. The completion stage is measured according to the contract expenses incurred in the period up to the balance sheet date as a percentage of the total costs estimated for each contract. Expenses incurred during the period related to a future activity within the scope of the contract are presented to the contract expenses in determining the stage of completion. Progress payments that have not been paid by the customers and the amounts retained as collateral over the progress payments are included in the “trade receivables” account.

The Group presents the gross receivables from customers regarding the ongoing contractual works as a liability if the progress payment amount exceeds the amount obtained as a result of adding the profit reflected to the results accounts to the costs incurred (deducting the loss).

##### Inventories

Inventories are valued at the lower of cost or net realizable value. Cost elements in inventories; It consists of all purchase costs. Net realizable value is calculated by deducting the estimated sales expenses required to make the sale from the estimated selling price in normal market conditions (Note 7). Cost of inventories is calculated according to the weighted average cost method. When the net realizable value of the inventory falls below its cost, the inventories are reduced to their net realizable value and the expense is reflected in the income statement in the year in which the impairment occurred. In cases where the conditions that previously caused the inventories to be reduced to net realizable value lose their validity or there is an increase in the net realizable value due to changing economic conditions, the provision for the impairment allocated is cancelled. The cancelled amount is limited to the previously reserved impairment amount.

##### Property, plant and equipment

Property, plant and equipment are presented at their net value after deducting accumulated depreciation and accumulated impairment losses from their acquisition cost. Land and lands are not subject to depreciation and are shown at cost less accumulated impairment losses.

Assets under construction for administrative purposes or for other purposes that have not yet been determined are shown at cost less any impairment loss, if any. Legal fees are also included in the cost. When these assets are completed and ready for use, they are classified into the relevant property, plant and equipment. Such assets are depreciated when they are ready for use, as is the depreciation method used for other fixed assets.

# TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş. AND ITS SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in TRY unless otherwise indicated)

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

#### 2.5 Summary of significant accounting policies (Continued)

##### Property, plant and equipment (Continued)

Cost amounts of property, plant and equipment, excluding land and ongoing investments, are depreciated over their expected useful lives using the straight-line method. The expected useful life, residual value and depreciation method are reviewed annually for the possible effects of changes in estimates, and if there is a change in estimates, they are accounted for prospectively.

Buildings, underground and surface improvements, machinery, facilities and devices are capitalized and depreciated as soon as they are brought to the necessary condition and location in order to be able to operate in line with the management's purposes. It is estimated that the salvage value of tangible fixed assets is not significant. In each reporting period, the salvage value and approximate useful lives of tangible fixed assets are reviewed and necessary adjustments are reflected prospectively.

A property, plant and equipment is derecognised when it is disposed of or when future economic benefits are not expected from its use or sale. The gain or loss resulting from the disposal of tangible fixed assets or the retirement of a tangible asset is determined as the difference between the sales revenue and the book value of the asset and is included in the income statement.

The depreciation periods of tangible fixed assets are as follows:

##### Useful life

Buildings	4-50 years
Machinery, plant and equipment	5-20 years
Motor vehicles	5 years
Fixtures	2-10 years
Special Cost	4-10 years

Subsequent costs are included in the asset's carrying value recognised as separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Property, plant and equipment are reviewed for impairment losses, whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purpose of assessing impairment, property plant and equipment assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of fair value less cost to sell or value in use. If the property, plant and equipment that are impaired, are revalued, the impairment is charged to the revaluation reserves to the extent that the amount offsetting previous increases of the same asset charged in the revaluation reserves and all other decreases are recognised in the consolidated statement of comprehensive income.

Repairs and maintenance are charged to the consolidated statement of comprehensive income during the financial period in which they are incurred. The Group derecognises the carrying amounts of the replaced parts related to renovations regardless of whether the replaced parts were depreciated separately. Major overhauls are depreciated over shorter of their useful lives or the remaining useful life of the related assets.

Gains or losses on disposals of property, plant and equipment are determined by reference to their carrying amounts and are included in income/expense as appropriate.

# TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş. AND ITS SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in TRY unless otherwise indicated)

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

#### 2.5 Summary of significant accounting policies (Continued)

##### Intangible assets

###### Purchased intangible assets

Purchased intangible assets with finite lives are reported at cost less accumulated amortization and accumulated impairment losses. These assets are amortized using the straight-line method over their expected useful lives. The expected useful life and depreciation method are reviewed every year in order to determine the possible effects of the changes in the estimates and the changes in the estimates are accounted for prospectively. Purchased intangible assets with indefinite lives are reported at cost less accumulated impairment losses.

###### Computer software

Purchased computer software is capitalized over the costs incurred during its purchase and during the period from purchase until it is ready for use. These costs are amortized over their useful lives.

The amortization periods used for intangible assets are as follows:

###### Useful life

Rights	3-10 years
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##### **Impairment of intangible assets other than tangible assets and goodwill**

At each reporting date, the Group examines the book value of its tangible and intangible assets to determine whether the assets are impaired. In case of impairment of assets, the recoverable amount of assets, if any, is measured in order to determine the amount of impairment. Where the recoverable amount of an asset cannot be measured, the Group measures the recoverable amount of the cash-generating unit associated with the asset. If a reasonable and consistent allocation basis is determined, Group assets are allocated to cash-generating units. Where this is not possible, Group assets are allocated to the smallest cash-generating units to determine a reasonable and consistent basis of allocation.

The recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use. Value in use is the present value of the expected future cash flows from an asset or cash-generating unit. In calculating value in use, a pre-tax discount rate is used, which reflects the value in use of money according to the market assessment in the current period and the risks specific to the asset that are not taken into account in estimating future cash flows.

When the recoverable amount of an asset (or cash-generating unit) is 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 directly in profit or loss. If the impairment loss is reversed in subsequent periods, the carrying amount of the asset (or related cash-generating unit) is increased to correspond to the estimated amount re-updated for the recoverable amount. The increased carrying amount should not exceed the carrying amount of the asset (or related cash-generating unit) that it would have had had no impairment loss been recognized for the asset in prior periods. The reversal of an impairment loss is recognized directly in profit or loss.



## TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in TRY unless otherwise indicated)

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

##### 2.5 Summary of significant accounting policies (Continued)

###### Financial instruments

###### Financial assets

###### *Classification*

The Group accounts its financial assets in two classes as “financial assets at amortized cost” and “financial assets at fair value through profit or loss”. The classification is made on the basis of the business model used by the entity for the management of financial assets and the characteristics of the contractual cash flows of the financial asset. The Group classifies its financial assets on the date of purchase. Financial assets are not reclassified after initial recognition, except when the Group's business model in the management of financial assets changes. In case of business model change, financial assets are reclassified on the first day of the following reporting period after the change.

###### *Classification and measurement*

Financial assets that are not traded in an active market and are not derivative instruments, which the Group management has adopted the "contractual cash flow collection business model" and the terms of the contract include only the principal and interest payments arising from the principal balance on certain dates, are "amortized". are classified as “assets accounted for at cost”. If their maturities are less than 12 months from the date of the consolidated statement of financial position, they are classified as current assets, and if they are longer than 12 months, they are classified as non-current assets. Assets accounted for at amortized cost include “trade receivables”, “other receivables” and “cash and cash equivalents” items in the consolidated statement of financial position.

Financial assets at fair value through profit or loss; “derivative instruments” items in the consolidated statement of financial position and “financial instruments” held for trading purposes, which are obtained for the purpose of benefiting from the fluctuations in prices and similar factors in the short-term in the market, or which are part of a portfolio aimed at making a profit in the short-term, regardless of the reason for the acquisition. consists of “assets”. Derivative instruments are recognized as an asset if the fair value is positive and as a liability if the fair value is negative. Derivative instruments of the Group consist of transactions related to forward foreign currency purchase and sale contracts. Financial assets measured at fair value and associated with the profit or loss statement are initially reflected in the consolidated statement of financial position with their cost values, including transaction costs. These financial assets are valued over their fair values in the periods following their recording. Realized or unrealized gains and losses are accounted for in “income/expenses from main operations”. Financial assets that constitute derivative products that have not been determined as an effective hedging instrument against financial risk are also classified as financial assets at fair value through profit or loss.

###### Derecognition

The Group derecognises the financial asset when the contractual rights to the cash flows related to the financial asset expire or when it transfers the related rights and ownership of all the risks and rewards related to the financial asset in a trading transaction. Any rights created or held in financial assets transferred by the Group are accounted for as a separate asset or liability.

# TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş. AND ITS SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in TRY unless otherwise indicated)

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

#### 2.5 Summary of significant accounting policies (Continued)

##### Financial instruments (Continued)

###### Derecognition

The Group derecognises the financial asset when the contractual rights to the cash flows on the financial asset expire or when it transfers the related rights and ownership of all the risks and rewards related to the financial asset in a trading transaction. Any rights created or held in financial assets transferred by the Group are accounted for as a separate asset or liability.

Impairment of financial assets and contract assets is calculated using the "Expected Credit Loss" (EXP) model. The impairment model is applied to amortized cost financial assets and contract assets.

Loss provisions are measured on the following basis;

- 12-month ECLs: ECLs resulting from possible default events within 12 months of the reporting date.
- Lifetime ECLs: ECLs resulting from all possible default events over the expected life of a financial instrument.

The lifetime ECL measurement is applied if, at the reporting date, the credit risk associated with a financial asset increases significantly after initial recognition. In all other cases where the relevant increase was not experienced, the 12-month ECL calculation was applied.

The Group may determine that if the credit risk of the financial asset has a low credit risk at the reporting date, the credit risk of the financial asset has not increased significantly. However, lifetime ECL measurement (simplified approach) always applies to trade receivables and contract assets without a significant financing element.

##### Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand accounts and bank deposits with maturities less than 3 months. Cash and cash equivalents are stated at their fair values in the consolidated financial statements

##### Trade receivables

Trade receivables consist of current account receivables, forward notes and checks. Trade receivables are reflected from the invoiced amount with their carrying values after the provision for impairment in accordance with the ECL model, and are measured at their amortized cost using the effective interest method in cases where the effect is significant.

The "simplified approach" is applied within the scope of the impairment calculations of trade receivables accounted at amortized cost in the financial statements. With this approach, allowances for losses on trade receivables are measured at an amount equal to "lifetime expected credit losses", in cases where trade receivables are not impaired for specific reasons (other than realized impairment losses). Under the simplified approach, the Company accounts for the provision for impairment in accordance with the ECL model, taking into account the guarantees it has received from its customers.

In the event that all or part of the amount of the impaired receivable is collected following the provision for impairment, the collected amount is deducted from the provision for impairment and recorded in the "Other income (expenses) from main operations" accounts (Note 21).

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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

##### 2.5 Summary of significant accounting policies (Continued)

###### Trade receivables (Continued)

Foreign exchange gains (losses) on commercial transactions are recognized in the consolidated statement of profit or loss under the “other operating income (expenses)” account (Note 21).

It is assumed that the amortized cost values of trade receivables, after the provision for impairment, are close to the fair value of the assets.

###### Financial liabilities

A financial liability is measured at fair value at initial recognition. During the initial recognition of financial liabilities whose fair value difference is not recognized in profit or loss, the transaction costs directly attributable to the underwriting of the related financial liability are added to the said fair value. Financial liabilities are accounted for at amortized cost using the effective interest method, together with the interest expense calculated over the effective interest rate in the following periods.

###### Leases

###### *The Group – as a lessee*

At inception of a contract, the Group assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, The Group assess whether:

- The contract involved the use of an identified asset – this may be specified explicitly or implicitly.
- The asset should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, the asset is not identified.
- The Group has the right to obtain substantially all of the economic benefits from the use of an asset throughout the period of use; and
- The Group has the right to direct use of the asset. The Group concludes to have the right of use, when it is predetermined how and for what purpose the Group will use the asset. The Group has the right to direct use of asset if either:
  - i. The Group has the right to operate (or to have the right to direct others to operate) the asset over its useful life and the lessor does not have the rights to change the terms to operate or;
  - ii. The Group designed the asset (or the specific features) in a way that predetermines how and for what purpose it is used

The Group reflects a right-of-use asset and a lease liability in its financial statements at the commencement date of the lease.

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

##### 2.5 Summary of significant accounting policies (Continued)

###### Leases (Continued)

###### *Right of use asset*

The right of use asset is initially recognized at cost comprising of:

- Amount of the initial measurement of the lease liability;
- Any lease payments made at or before the commencement date, less any lease incentives received;
- Any initial direct costs incurred by the Group; and  
An estimate of costs to be incurred by the lessee for restoring the underlying asset to the condition required by the terms and conditions of the lease (unless those costs are incurred to produce inventories).

The Group re-measure the right of use asset:

- a) After netting-off depreciation and reducing impairment losses from right of use asset.
  - b) Adjusted for certain re-measurements of the lease liability recognized at the present value.
- The Group applies TAS16 "Property, Plant and Equipment" to amortize the right of use asset and to asses for any impairment.

Applies IAS 36 Impairment of Assets to determine whether a right-of-use asset is impaired and to recognize any identified impairment losses.

###### **Lease liability**

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. Lease liabilities are discounted to present value by using the interest rate implicit in the lease if readily determined or with the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as the commencement date.
- The exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewable period if the Group is reasonably certain to exercise an extension option. and penalties for early termination of a lease unless the Group is reasonably certain to terminate early.

After initial recognition, the lease liability is measured:

- Increasing the carrying amount to reflect interest on lease liability,
- Reducing the carrying amount to reflect the lease payments made and
- Remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The duration of the contract that make up the Group's lease liabilities varies between 1 and 5 years.

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

##### 2.5 Summary of significant accounting policies (Continued)

###### **Trade payables**

Trade payables represent the payments to be made for the goods and services provided from the suppliers in the ordinary course of operations. Trade payables are measured initially at their fair value and subsequently at amortized cost using the effective interest method (Note 4).

###### **Derivative financial instruments**

The Group's activities expose the entity to financial risks, mainly due to changes in exchange rates and interest rates. The Group uses derivative financial instruments (mainly exchange rate forward contracts) to hedge financial risks associated with exchange rate fluctuations due to certain binding commitments and forecasted future transactions.

Financial assets at fair value through profit or loss; "derivative instruments" items in the consolidated statement of financial position and "financial instruments" held for trading purposes, which are obtained for the purpose of benefiting from the fluctuations in prices and similar factors in the short-term in the market, or which are part of a portfolio aimed at making a profit in the short-term, regardless of the reason for the acquisition, consists of "assets". Derivative instruments are recognized as an asset if the fair value is positive and as a liability if the fair value is negative. Derivative instruments of the Group consist of transactions related to forward foreign currency purchase and sale contracts. Financial assets measured at fair value and associated with the profit or loss statement are initially reflected in the consolidated statement of financial position with their cost values, including transaction costs. These financial assets are valued over their fair values in the periods following their recording. Realized or unrealized gains and losses are accounted for in "income/expenses from main operations". Financial assets that constitute derivative products that have not been determined as an effective hedging instrument against financial risk are also classified as financial assets at fair value through profit or loss.

Derivative financial instruments are calculated with their fair value at the contract date and recalculated with their fair value in subsequent reporting periods..

###### *The effective interest method*

It is the method of valuing the financial asset at amortized cost and allocating the related interest income to the related period.

Effective interest rate; It is the rate that exactly discounts the estimated future cash received over the expected life of the financial instrument or, where appropriate, a shorter period of time, to the net present value of the financial asset.

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

#### 2.5 Summary of significant accounting policies (Continued)

##### Effects of currency changes

###### Foreign currency transactions and balances

The financial statements of each enterprise of the Group are presented in the currency of the main economic environment in which they operate (the functional currency). The financial position and operating results of each business are expressed in TRY, which is the functional currency of the Group and the presentation unit for the consolidated financial statements.

During the preparation of the financial statements of each enterprise, transactions in foreign currencies (currencies other than TRY) are recorded based on the exchange rates on the date of the transaction. Monetary assets and liabilities indexed to foreign currency in the statement of financial position are translated into Turkish Lira using the exchange rates prevailing on the balance sheet date. Among the non-monetary items that are followed at fair value, those recorded in foreign currency are translated into TRY based on the exchange rates at the date of determination of the fair value. Foreign currency non-monetary items measured at historical cost are not reconverted.

##### Earnings per share

Earnings per share presented in the consolidated statements of profit or loss are determined by dividing consolidated net income attributable to that class of shares by the weighted average number of such shares outstanding during the year concerned.

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares (“bonus shares”) to existing shareholders from retained earnings or inflation adjustments. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issued without a corresponding change in resources by giving them retroactive effect for the year in which they were issued and for each earlier period.

##### Subsequent events

Subsequent events consist of all events between balance sheet date and date of authorization for validity, even if they have been existed after public explanation of an announcement about profit or other financial information.

The Group adjusts the amounts included in the consolidated financial statements in accordance with this new situation, in case of occurrence of events requiring adjustment after the balance sheet date.

##### Contingent assets and liabilities

A provision is made in the financial statements if there is a present obligation as a result of past events, it is probable that the obligation will be settled and the amount of the obligation can be estimated reliably.

The amount recognized as a provision is calculated by estimating in the most reliable way the expense to settle the obligation as of the balance sheet date, taking into account the risks and uncertainties associated with the obligation. If the provision is measured using the estimated cash flows required to settle the present obligation, the carrying amount of the provision is equal to the present value of the relevant cash flows.

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

##### 2.5 Summary of significant accounting policies (Continued)

###### Contingent assets and liabilities (Continued)

Where it is expected that some or all of the economic benefits required to settle the provision are expected to be met by third parties, the amount to be collected is recognized as an asset if it is almost certain that the amount will be collected and can be measured reliably.

###### Contracts that will cause loss

Existing liabilities arising from contracts that will cause loss are calculated and accounted for as provisions. If the Group has a contract that exceeds the unavoidable costs to be incurred in order to fulfill its contractual obligations, the economic benefits expected to be obtained in relation to the contract in question, the contract that will cause loss is deemed to exist.

###### Warranty provisions

Provisions for warranty costs are recognized at the date of sale of the related products, according to the most appropriate expenditure estimated by the management to meet the obligations of the Group.

###### Government incentives and aids

Government incentives are not reflected in the financial statements without reasonable assurance that the enterprise will fulfill the conditions necessary to obtain the incentive and that the incentive will be obtained.

Government grants are systematically recognized in profit or loss during the periods in which the costs intended to be covered by these incentives are recognized as an expense. Government incentives, which are a financing instrument, should be associated with the statement of financial position as deferred income and systematically reflected in profit or loss over the economic life of the relevant assets, rather than being recognized in profit or loss to clarify the expenditure item they finance.

Government grants given to cover previously incurred expenses or losses or to provide emergency financing support to the business without incurring any future costs are recognized in profit or loss in the period they become collectible.

###### Taxes calculated on corporate income

Since Turkish Tax Legislation does not allow the parent company and its subsidiary to prepare a consolidated tax return, tax provisions have been calculated on a separate-entity basis, as reflected in the accompanying consolidated financial statements.

Income tax expense is the sum of current tax and deferred tax expense. Tax is included in the income statement unless it relates to a transaction accounted for directly under equity. Otherwise, the tax is accounted for under equity along with the related transaction.

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

#### 2.5 Summary of significant accounting policies (Continued)

##### Current corporate tax

Current year tax liability is calculated over the taxable portion of the profit for the period. Taxable profit differs from profit reported in the income statement because it excludes items that are taxable or deductible in other years and items that are not taxable or deductible. The Group's current tax liability has been calculated using the tax rate that has been enacted or substantially enacted as of the balance sheet date.

In Turkey, the corporate tax rate is 23% for 2022 (2021: 25%). The corporate tax rate is applied to the tax base to be found as a result of adding the expenses that are not accepted as deductible in accordance with the tax laws to the commercial income of the corporations, and deducting the exceptions (association earnings exemption, investment incentive exemption, etc.) and deductions (such as R&D deduction) in tax laws. No further tax is paid if the profit is not distributed.

Companies calculate provisional tax 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 seventeenth 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 deducted.

According to the Corporate Tax Law, financial losses shown on the declaration can be deducted from the corporate tax base of the period, provided that they do not exceed 5 years. Declarations and related accounting records can be examined by the tax office within five years.

Dividend payments made to resident companies in Turkey, to those who are not liable and exempt from corporate tax and income tax, and to real persons and non-resident legal entities in Turkey are subject to 15% income tax.

Dividend payments from companies residing in Turkey to joint stock companies residing in Turkey are not subject to income tax. In addition, if the profit is not distributed or added to the capital, income tax is not calculated.

Turkish tax legislation does not allow the parent company to file a tax return on the consolidated financial statements of its subsidiaries. For this reason, tax liabilities reflected in the consolidated financial statements of the Group have been calculated separately for all companies included in the scope of consolidation. In the statements of financial position dated 31 December 2022 and 31 December 2021, the tax amounts to be paid are netted for each subsidiary and are classified as gross in the consolidated financial statements.



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

#### 2.5 Summary of significant accounting policies (Continued)

##### Deferred tax

Deferred tax liability or assets are determined by calculating the tax effects of the temporary differences between the amounts of assets and liabilities shown in the financial statements and the amounts taken into account in the calculation of the legal tax base, according to the balance sheet method, taking into account the enacted tax rates. While deferred tax liabilities are calculated for all taxable temporary differences, deferred tax assets consisting of deductible temporary differences are calculated provided that it is highly probable to benefit from these differences by generating taxable profit in the future. The mentioned assets and liabilities are not recognized if they arise from the initial recognition of the temporary difference, goodwill or other assets and liabilities (other than business combinations) related to the transaction that does not affect the commercial or financial profit/loss.

Deferred tax liabilities are calculated for all taxable temporary differences associated with investments in subsidiaries and associates and interests in joint ventures, except when the Group is able to control the temporary differences and it is unlikely that the temporary differences will disappear in the near future. Deferred tax assets arising from taxable temporary differences associated with such investments and interests are calculated on the condition that it is highly probable that the said differences will be benefited from by earning sufficient taxable profit in the near future and it is probable that the related differences will disappear in the future.

The carrying amount of the deferred tax asset is reviewed at each balance sheet date. The carrying amount of the deferred tax asset is reduced to the extent that it is not probable that a financial profit will be obtained to allow some or all of the benefits to be obtained.

Deferred tax assets and liabilities are calculated over tax rates (tax regulations) that are expected to be valid in the period when the assets will be realized or the liabilities will be fulfilled and that have been enacted or substantially enacted as of the balance sheet date. During the calculation of deferred tax assets and liabilities, the tax results of the methods estimated by the Group to recover the book value of its assets or fulfill its liabilities as of the balance sheet date are taken into account.

Deferred tax assets and liabilities, if there is a legal right to set off current tax assets and current tax liabilities, or if such assets and liabilities are associated with income tax collected by the in-kind tax authority, or if the Group intends to settle current tax assets and liabilities on a net basis, is deducted.

##### Current period tax expense and deferred tax

Tax expense includes current period tax expense and deferred tax expense. Tax is included in the income statement unless it relates to a transaction accounted for directly under equity. Otherwise, the tax is accounted for under equity along with the related transaction.

Period tax expense is calculated considering the tax laws in force in the countries where the Group's subsidiaries and investments accounted for using the equity method operate as of the date of the statement of financial position.

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

##### 2.5 Summary of significant accounting policies (Continued)

###### Deferred tax (Continued)

In the Turkish tax system, financial losses can be deducted with the financial profits in the following five years, and it is not possible to deduct (retrospectively) from previous years' earnings.

As of 31 December 2022 and 2021 tax provision has been reserved within the framework of the current tax legislation.

Corporate Taxes is exempt from tax on the condition that it is added to the capital or kept in a special fund account for 5 years as stipulated in the Law.

###### Employee benefits

###### *Severance pay:*

According to the provisions of current laws and collective bargaining agreements in Turkey, severance pay is paid in case of retirement or dismissal. In accordance with the updated TAS 19 Employee Benefits Standard ("TAS 19"), such payments are considered as defined retirement benefit plans.

Severance pay liability recognized in the statement of financial position is calculated according to the net present value of the expected future liability amounts due to the retirement of all employees and reflected in the consolidated financial statements. All calculated actuarial gains and losses are accounted for under other comprehensive income.

###### *Accumulated leave provisions:*

Liabilities arising from unused leave rights, which are defined as long-term provisions provided to employees, are accounted for by accruing in the periods in which they are vested.

###### Statement of cash flows

In the consolidated statement of cash flows, cash flows for the period are classified and reported based on operating, investing and financing activities.

Cash flows from operating (core) operations represent the cash flows from the Group's core business transactions.

Cash flows from investing activities represent the cash flows that the Group uses and receives from its investing activities (tangible and intangible assets).

Cash flows related to financing activities show the resources used by the Group in financing activities and the repayments of these resources.

## TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş. AND ITS SUBSIDIARIES

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

##### 2.5 Summary of significant accounting policies (Continued)

###### Capital and dividends

Ordinary shares are classified as equity. Dividends distributed over ordinary shares are recorded by deducting from the accumulated profit in the period when the dividend decision is taken.

###### Repurchased shares

Repurchased shares are presented as "Repurchased shares" by deducting the cost values, including the parts exceeding the nominal value of these shares, in case the Group buys its own shares. Gains or losses from the Group's repurchased shares are also accounted for under equity.

###### Issue premiums related to shares

Share premiums represent the difference between the nominal values and fair values of the shares issued by the Group.

##### 2.6 Significant accounting evaluations, estimates and assumptions

The preparation of financial statements requires the disclosure of the amounts of assets and liabilities reported as of the balance sheet date, the disclosure of contingent assets and liabilities, and the use of estimates and assumptions that may affect the amounts of income and expenses reported during the accounting period. The Group makes predictions and assumptions about the future. Accounting estimates may not result in exactly the same amounts as the actual results due to their nature. Some estimates and assumptions that may cause significant adjustments in the carrying value of assets and liabilities in the next financial reporting period are as follows:

*a) Accounting for construction contracts*

The Group uses the percentage of completion rate method in accounting for construction contracts. According to this method, the ratio of the contract expense incurred until a certain date to the estimated total cost of the contract is calculated. The Group uses the "percentage of completion" method in accounting for fixed price contracts to account revenue related to long term contractual construction projects. The percentage of completion method requires estimating the service performed in proportion to the total service to be delivered (Note 16).

*b) Deferred taxes*

The Group recognizes deferred tax assets and liabilities for temporary timing differences arising from the differences between its legal taxable financial statements and its financial statements prepared in accordance with TFRS. The Group has unused tax losses that can be deducted from future profits and deferred tax assets consisting of other deductible temporary differences. The partially or wholly recoverable amount of deferred tax assets has been estimated under current conditions. During the evaluation, future profit projections, expiry dates of unused losses and other tax assets, and tax planning strategies that can be used when necessary are considered. In the light of the data obtained, if the future taxable profit of the Group is not sufficient to cover all deferred tax assets, a provision is made for all and part of the deferred tax asset (Note 24).

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in TRY unless otherwise indicated)

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

#### 2.6 Significant accounting evaluations, estimates and assumptions (Continued)

##### a) *Impairment of trade receivables*

Provision for impairment of trade receivables is calculated under the simplified approach in accordance with the ECL model. Pursuant to the said model, the Group monitors its customers in terms of past payment performances and receivables aging. In calculating the provision for impairment, it calculates the net risk by taking into account the guarantees it has received on the basis of customers in the relevant groups, and uses the expected loan loss rates that it has determined based on past experience (Note 4).

##### b) *Impairment of inventory*

Inventories are physically inspected for impairment of inventory, their availability is determined in line with the opinions of technical personnel, and a provision is made for items that are not expected to be used. As a result of these studies, a provision is made for inventories with a net realizable value below the cost value (Note 6).

#### 2.7 Statement of Compliance with TFRS and Policy Decisions Issued by KGK

Company management is responsible for the preparation and fair presentation of financial statements in accordance with TFRSs published by KGK and KGK policy decisions. The company management declares that the current and previous period financial statements, the summary of important accounting policies and footnotes are prepared and presented in accordance with TFRS.

#### 2.8 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers. The chief operating decision-makers, who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the key management that takes strategic decisions.

The chief operating decision makers regularly monitor and review the operational results based on the main products' performances and domestic/ foreign market basis. Main products and domestic/ foreign markets can be separately defined as operating segments. On the other hand, considering that the production process of each product type, the processed products obtained as a result of this process, the raw materials in the production process, the customer portfolio together with the domestic/foreign sales channels, and the legislation and laws affecting the Group's activities are significantly similar. In accordance with the relevant provisions in the TFRS 8 "Operating Segments", the financial information is not reported according to the operating segments, since the Group has only one reportable operating segment.

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#### NOTE 3 - CASH AND CASH EQUIVALENTS

	<b>31 December 2022</b>	<b>31 December 2021</b>
Cash	5,723	48,730
Bank	108,963,028	334,448,744
- <i>Time deposit</i>	53,730,992	320,282,026
- <i>Demand deposit</i>	55,232,036	14,166,718
Cheques and notes	45,064,032	12,144,268
Credit card receivables	126,365,817	65,352,204
	<b>280,398,600</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 23%, 2.50%, 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 31 December 2022 and 2021, the Group has blocked deposits for POS receivables amounting to TRY126,365,817 (31 December 2021: TRY65,352,204).

As of 31 December 2022 and 2021, the details of the Group's demand deposits are as follows:

<b>Currency</b>	<b>31 December 2022</b>	<b>31 December 2021</b>
TRY	885,312	178,540
USD	20,957,920	7,046,197
EUR	33,388,804	6,941,981
	<b>55,232,036</b>	<b>14,166,718</b>

As of 31 December 2022 and 2021, the details of the Group's time deposits are as follows:

<b>Currency</b>	<b>31 December 2022</b>	<b>31 December 2021</b>
TRY	37,149,000	19,973,000
EUR	16,581,992	235,140,230
USD	-	65,168,796
	<b>53,730,992</b>	<b>320,282,026</b>

# TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş. AND ITS SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in TRY unless otherwise indicated)

### NOTE 4- TRADE RECEIVABLES AND PAYABLES

	<b>31 December 2022</b>	<b>31 December 2021</b>
<b>Short-term trade receivables</b>		
Trade receivables	873,533,475	429,872,019
Notes receivables	292,811,387	296,777,139
Trade receivables from related parties	61,343,368	111,516,859
Less: Provision for impairment	(107,894,692)	(104,200,346)
	<b>1,119,793,538</b>	<b>733,965,671</b>

The average maturity period of the Group's trade receivables is 3 months (31 December 2020: 3 months). The carrying value of trade receivables approximates their amortized costs. Details of trade receivable balances in foreign currency are shown in Note 27.

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

	<b>2022</b>	<b>2021</b>
<b>At the beginning of the period - 1 January</b>	<b>(104,200,346)</b>	<b>(73,562,748)</b>
Provisions made during the period	(5,929,955)	(30,637,598)
Provisions no longer required	2,235,609	-
<b>At the end of the period - 31 December</b>	<b>(107,894,692)</b>	<b>(104,200,346)</b>

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

<b>Overdue:</b>	<b>31 December 2022</b>	<b>31 December 2021</b>
Overdue	111,085,673	76,397,775
0 - 30 days	565,125,345	433,079,406
31 - 60 days	361,571,997	172,373,123
61 - 90 days	41,640,887	52,115,367
91 and more days	40,369,636	-
	<b>1,119,793,538</b>	<b>733,965,671</b>

<b>Time past due:</b>	<b>31 December 2022</b>	<b>31 December 2021</b>
0 - 30 days	55,111,479	61,878,037
31 - 90 days	17,515,358	5,316,257
91 and more days	38,458,836	9,203,481
	<b>111,085,673</b>	<b>76,397,775</b>

## TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in TRY unless otherwise indicated)

#### NOTE 4 - TRADE RECEIVABLES AND PAYABLES (Continued)

The collection risk of trade receivables is limited due to the Group's wide and dispersed customer base, which covers production and distribution. The Group's experience in the collection of trade receivables in the past years shows that the provisions set aside are sufficient. For this reason, the Group management believes that there is no additional trade receivable risk other than the provision for possible collection losses. Credit risk assessment related to trade receivables is disclosed in Note 27.

	<b>31 December 2022</b>	<b>31 December 2021</b>
<b>Short-term trade payables</b>		
Trade payables to related parties	1,095,811,896	336,514,998
Trade payables	902,150,825	960,632,192
Expense accruals (*)	53,612,511	29,975,555
	<b>2,051,575,232</b>	<b>1,327,122,745</b>

(\*) Expense accruals consist of amounts that have been finalized and have not yet been invoiced.

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

The Group has financial risk management policies implemented to ensure that all its debts are paid within the lending period.

As of 31 December 2022, the Group has commercial debt of TRY2,271,843 (USD121,500) with letter of credit (31 December 2021: TRY572,740,327 (USD26,545,631 and EUR15,545,548)).

#### NOTE 5 - OTHER RECEIVABLES AND PAYABLES

	<b>31 December 2022</b>	<b>31 December 2021</b>
<b>Other receivables from unrelated parties</b>		
Deposits and guarantees given	75,633	18,000
Other	-	53,513
	<b>75,633</b>	<b>71,513</b>

	<b>31 December 2022</b>	<b>31 December 2021</b>
<b>Other short-term payables</b>		
Other payables to related parties (*)	175,000,000	50,641
Deferred special consumption tax	-	433,791
	<b>175,000,000</b>	<b>484,432</b>

(\*) It consists of short-term financial debts that the Group receives from Headquarters for its operational activities. As of 31 December 2022, the effective weighted interest rate of other debts in TL currency is 44.48% and their maturity is less than one year.

## TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in TRY unless otherwise indicated)

#### NOTE 6 - INVENTORIES

	<b>31 December 2022</b>	<b>31 December 2021</b>
Raw materials	222,188,525	137,767,696
Semi products	128,830,692	158,285,263
Finished product	370,305,109	190,688,574
Trade goods	74,863,246	12,284,264
Less: Provision for inventory impairment	(28,225,873)	(46,711,181)
	<b>767,961,699</b>	<b>452,314,616</b>

In the accounting period of 1 January - 31 December 2022, the cost of first materials and materials associated with the cost of sales is TRY4,533,269,081 (31 December 2021: TRY2,316,741,677) (Note 17).

The movement of inventory impairment during the year is as follows:

	<b>2022</b>	<b>2021</b>
<b>At the beginning of the period - 1 January</b>	<b>(46,711,181)</b>	<b>(11,912,848)</b>
Increase during the period	(28,225,873)	(46,711,181)
Used during the period	46,711,181	11,912,848
<b>At the end of the period - 31 December</b>	<b>(28,225,873)</b>	<b>(46,711,181)</b>

TRY7,549,968 of inventory impairment provisions consists of finished goods, TRY5,586,432 of raw materials and materials and TRY15,089,473 of commercial goods.

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

	<b>31 December 2022</b>	<b>31 December 2021</b>
<b>Short-term prepaid expenses</b>		
Order advances for projects (*)	154,780,524	400,751
Expenses for incoming months (**)	23,851,471	25,514,355
	<b>178,631,995</b>	<b>25,915,106</b>

(\*) It consists of the order advances given to the suppliers for the construction projects of the Group over the years.

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

	<b>31 December 2022</b>	<b>31 December 2021</b>
<b>Long-term prepaid expenses</b>		
Expenses for incoming years	-	20,511,914
	<b>-</b>	<b>20,511,914</b>



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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

(Amounts expressed in TRY unless otherwise indicated)

**NOTE 7 – PREPAID EXPENSES AND DEFERRED TAX (Continued)**

<b>Short-term contractual obligations and deferred income</b>	<b>31 December 2022</b>	<b>31 December 2021</b>
Contractual obligations (*)	319,101,728	312,157,473
Order advances received (except for contractual obligations)	203,940,904	80,906,190
	<b>523,042,632</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.

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

	<b>1 January 2022</b>	<b>Additions</b>	<b>Disposals</b>	<b>31 December 2022</b>
<b>Cost</b>				
Land	3,164,360	-	-	3,164,360
Buildings	63,141,631	276,383	-	63,418,014
Machinery and equipment	261,622,065	12,774,530	-	274,396,595
Vehicles, floors and fixtures	35,348,507	4,863,288	(724,428)	39,487,367
Specific costs	77,543	-	-	77,543
Ongoing investments	53,604	-	-	53,604
	<b>363,407,710</b>	<b>17,914,201</b>	<b>(724,429)</b>	<b>380,597,483</b>
<b>Less: Accumulated depreciation</b>				
Buildings (-)	(33,344,630)	(1,300,532)	-	(34,645,162)
Machinery and equipment (-)	(218,241,369)	(6,311,146)	-	(224,552,515)
Vehicles, floors and fixtures (-)	(29,347,395)	(2,940,852)	686,478	(31,601,769)
Specific costs	(77,543)	-	-	(77,543)
	<b>(281,010,937)</b>	<b>(10,552,530)</b>	<b>686,477</b>	<b>(290,876,989)</b>
<b>Net book value</b>	<b>82,396,773</b>			<b>89,720,494</b>

As of 31 December 2022, the Group has depreciation and amortization expenses amounting to TRY13,659,011 (31 December 2021: TRY9,866,011), TRY10,552,530 (31 December 2021: TRY8,379,961) for tangible assets, TRY2,502,414 (31 December 2021: TRY1,308,960) for right-of-use assets and TRY604,607 (31 December 2021: TRY177,720) for intangible assets. TRY8,784,868 (31 December 2021: TRY7,235,336) of the aforementioned current period depreciation and amortization expenses is reflected to the cost of sales, TRY4,835,604 (31 December 2021: TRY2,594,993) to general administrative expenses, TRY33,768 (31 December 2021: TRY32,504) to marketing expenses and TRY4,771 (31 December 2021: TRY3,808) to research and development expenses. An important part of the plant, machine and device additions in 2021 consists of the purchase of cable outer sheath and insulation spraying machine.

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

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(Amounts expressed in TRY unless otherwise indicated)

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

	1 January 2021	Additions	Disposals	31 December 2021
<b>Cost</b>				
Land	3,164,360	-	-	3,164,360
Buildings	62,890,353	251,278	-	63,141,631
Machinery and equipment	240,710,152	20,911,913	-	261,622,065
Vehicles, floors and fixtures	30,746,514	4,631,962	(29,969)	35,348,507
Specific costs	77,543	-	-	77,543
Ongoing investments	53,604	-	-	53,604
	<b>337,642,526</b>	<b>25,795,153</b>	<b>(29,969)</b>	<b>363,407,710</b>
<b>Less: Accumulated depreciation</b>				
Buildings (-)	(32,055,049)	(1,289,581)	-	(33,344,630)
Machinery and equipment (-)	(213,108,168)	(5,163,170)	29,969	(218,241,369)
Vehicles, floors and fixtures (-)	(27,420,213)	(1,927,182)	-	(29,347,395)
Specific costs	(77,515)	(28)	-	(77,543)
	<b>(272,660,945)</b>	<b>(8,379,961)</b>	<b>29,969</b>	<b>(281,010,937)</b>
<b>Net book value</b>	<b>64,981,581</b>			<b>82,396,773</b>

**NOTE 9 - INTANGIBLE ASSETS**

	1 January 2022	Additions	31 December 2022
<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)	(604,067)	(2,395,078)
	<b>(1,791,011)</b>	<b>(604,067)</b>	<b>(2,395,078)</b>
<b>Net book value</b>	<b>2,121,006</b>		<b>1,516,939</b>

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**NOTE 9 - INTANGIBLE ASSETS (Continued)**

	1 January 2021	Additions	31 December 2021
<b>Cost</b>			
Rights	1,874,814	2,037,203	3,912,017
	<b>1,874,814</b>	<b>2,037,203</b>	<b>3,912,017</b>
<b>Accumulated amortisation</b>			
Rights (-)	(1,613,291)	(177,720)	(1,791,011)
	<b>(1,613,291)</b>	<b>(177,720)</b>	<b>(1,791,011)</b>
<b>Net book value</b>	<b>261,523</b>		<b>2,121,006</b>

**NOTE 10 - OTHER ASSETS AND LIABILITIES**

	31 December 2022	31 December 2021
<b>Other non-current assets</b>		
Transferred VAT (*)	81,680,198	30,852,882
Receivables from tax office (**)	49,595,599	16,909,340
Other	-	302,312
	<b>131,275,797</b>	<b>48,064,534</b>

(\*) It consists of the short-term part of the value added taxes that have not been deducted due to the change in the communiqué regarding export registered sales.

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

	31 December 2022	31 December 2021
<b>Other non-current assets</b>		
Deferred VAT (*)	287,838,903	127,072,561
	<b>287,838,903</b>	<b>127,072,561</b>

(\*) It consists of long term part of the value added taxes that have not been deducted due to the change in the communiqué regarding export registered sales which are expected to be refunded after one year period. The refund process is ongoing and VAT receivables, which are expected to take more than one year to be refunded, have been classified as non-current assets by the Group management.

	31 December 2022	31 December 2021
<b>Other short-term current liabilities</b>		
Taxes and funds payable	47,575,683	5,937,603
Other	267,836	267,836
	<b>47,843,519</b>	<b>6,205,439</b>

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

(Amounts expressed in TRY unless otherwise indicated)

**NOTE 11 - BORROWINGS**

	<b>31 December 2022</b>	<b>31 December 2021</b>
<b>Short-term borrowings</b>		
Short-term bank borrowings	70,000,000	-
Short-term liabilities arising from lease transactions	2,971,563	918,651
	<b>72,971,563</b>	<b>918,651</b>
<b>Long-term borrowings</b>		
Long-term liabilities arising from lease transactions	2,920,969	486,410
	<b>2,920,969</b>	<b>486,410</b>

Carrying values of short-term financial borrowings and liabilities arising from lease transactions approximate to their fair values.

As of 31 December 2022, the repayment details of the Group's bank loans are as follows:

**31 December 2022**

<b>Currency</b>	<b>Maturity</b>	<b>Effective interest rate (%)</b>	<b>Short-term</b>	<b>Long-term</b>
TRY	1 year	14.30	70,000,000	-
			<b>70,000,000</b>	<b>-</b>

The repayment schedule of borrowings is as follows:

	<b>31 December 2022</b>	<b>31 December 2021</b>
In 1 year	70,000,000	-
	<b>70,000,000</b>	<b>-</b>

The movement table of financial borrowings as of 1 January - 31 December 2022 and 2021 is as follows:

	<b>2022</b>	<b>2021</b>
<b>At the beginning of the period - 1 January</b>	<b>-</b>	<b>51,677,083</b>
New financial debts received	740,498,224	80,000,000
Principal payments	(670,468,180)	(130,000,000)
Change in interest accruals	(30,044)	(1,677,083)
<b>At the end of the period - 31 December</b>	<b>70,000,000</b>	<b>-</b>

# TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş. AND ITS SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in TRY unless otherwise indicated)

### NOTE 12 - DERIVATIVE INSTRUMENTS

31 December 2022	Contract amount	Fair value	Contract EUR	Contract USD
<b>Derivative assets</b>				
Foreign currency forward transactions	308,224,453	625,544	19,870,000	4,700,000
	<b>308,224,453</b>	<b>625,544</b>	<b>19,870,000</b>	<b>4,700,000</b>

31 December 2021	Contract amount	Fair value	Contract EUR	Contract USD
<b>Derivative assets</b>				
Foreign currency forward transactions	706,676,878	113,812,719	19,450,000	35,300,000
	<b>706,676,878</b>	<b>113,812,719</b>	<b>19,450,000</b>	<b>35,300,000</b>

The Group uses foreign currency derivatives to hedge significant future transactions and cash flows from financial risk. The Group is a party to various forward foreign currency contracts, depending on the management of exchange rate fluctuations. Derivative instruments purchased are mainly in foreign currencies in the market in which the Group operates.

These contracts are related to foreign exchange risks in 2022 and 2021 and are renewed when necessary.

The change in the fair value of foreign currency derivative transactions for hedging purposes is recorded in the profit or loss statement during the period.

### NOTE 13 - EMPLOYEE BENEFITS

Employee benefits payables	31 December 2022	31 December 2021
Social security deductions to be paid ("SGK")	3,995,265	2,150,315
Taxes and funds payable	3,729,719	1,573,067
Payables to personnel	3,498,816	1,555,941
	<b>11,223,800</b>	<b>5,279,323</b>

Short-term provisions for employee benefits	31 December 2022	31 December 2021
Personnel provisions	9,386,276	12,771,049
Personnel bonus provisions	5,370,910	4,942,014
Provision for unused vacation	3,664,559	5,087,031
Personnel for a fee provisions	2,600,069	5,727,584
	<b>21,021,814</b>	<b>28,527,678</b>

## TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in TRY unless otherwise indicated)

#### NOTE 13 - EMPLOYEE BENEFITS (Continued)

The movement tables regarding personnel premium provisions as of 31 December 2022 and 2021 are as follows:

	2022	2021
<b>At the beginning of the period - 1 January</b>	<b>5,727,584</b>	<b>3,705,228</b>
Paid during the year	(5,727,584)	(3,705,228)
Provisions during the year	2,600,069	5,727,584
<b>At the end of the period - 31 December</b>	<b>2,600,069</b>	<b>5,727,584</b>

  

	31 December 2022	31 December 2021
<b>Long-term provisions due to employee benefits</b>		
Provisions for employee termination benefits	37,632,036	19,153,416
	<b>37,632,036</b>	<b>19,153,416</b>

Under the Turkish Labor Law, the Company is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, or 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).

The compensation to be paid is equal to one month's salary for each year of service, and this amount is limited to TRY15,371.40 as of 31 December 2022 (31 December 2021: TRY10,596.74). The provision for severance pay is not legally subject to any funding and there are no funding requirements. The provision for severance pay is calculated by estimating the present value of the probable obligation to be paid in case of retirement of the employees, taking into account actuarial assumptions.

TMS 19, "Employee Benefits"; It envisages the development of actuarial valuation methods to estimate the severance pay provision of the Company. Accordingly, the following actuarial assumptions were used in the calculation of the provision:

The following actuarial assumptions were used in the calculation of the total liability:

	31 December 2022	31 December 2021
Inflation rate (%)	18.40	13.50
Discount rate (%)	0.50	2.64

The basic assumption is that the ceiling provision 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 expected effects of inflation. The severance pay provision of the Company is calculated over TRY19,982.83 (1 January 2022: TRY10,848.59), effective as of 1 January 2023, since the severance pay ceiling is adjusted semi-annually.

# TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş. AND ITS SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in TRY unless otherwise indicated)

### NOTE 13 - EMPLOYEE BENEFITS (Continued)

Movements of the provision for employment termination benefits were as follows:

	2022	2021
<b>At the beginning of the period - 1 January</b>	<b>19,153,416</b>	<b>17,914,026</b>
Current service cost	1,837,620	1,691,390
Interest costs	3,509,000	2,410,000
Defined benefit plans remeasurement gains/(losses)	14,560,000	(2,049,000)
Payments	(1,428,000)	(813,000)
<b>At the end of the period - 31 December</b>	<b>37,632,036</b>	<b>19,153,416</b>

### NOTE 14 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

	31 December 2022	31 December 2021
<b>Other short-term provisions</b>		
Various provisions for ongoing projects (*)	152,560,135	5,465,055
Expense accruals related to overseas service agreements	40,713,765	12,836,152
Provisions for maintenance and repair expenses (***)	34,727,227	8,459,454
Provision for copper incentive (**)	13,110,660	13,110,660
Provisions for commission expenses	8,188,364	6,854,004
Other	38,581,375	10,500,206
	<b>287,881,526</b>	<b>57,225,531</b>

(\*) Provisions arising from the purchase agreements made by the Group for the projects that are at the order stage.

(\*\*) The copper incentive provision is a record taken against the risk of withdrawal of the copper incentive for not being able to sell the copper with incentives to third world countries.

(\*\*\*) As of 31 December 2022 it is related to the maintenance and repair services received by the suppliers that have not yet been invoiced.

	31 December 2022	31 December 2021
<b>Other long-term provisions</b>		
Warranty provision	5,722,601	5,413,308
Provisions related to litigations	2,331,254	886,642
	<b>8,053,855</b>	<b>6,299,950</b>

The amount in question represents the provisions for the lawsuits brought against the Group by various parties. The provision amount is recognized as general administrative expense in the profit or loss statement.

## TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in TRY unless otherwise indicated)

#### NOTE 14 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)

The balance dated 31 December 2022 is not expected to be paid within one year. In the opinion of the management, with the appropriate legal opinion, these lawsuits will not result in a significant loss beyond the amount of the provision as at 31 December 2022.

As of 31 December 2022 and 2021, the movements in the provision for lawsuits during the period are as follows:

	2022	2021
At the beginning of the period - 1 January	886,642	868,276
Increase during the period	1,444,612	18,366
<b>At the end of the period - 31 December</b>	<b>2,331,254</b>	<b>886,642</b>

As of 31 December 2022 and 2021, the movements of warranty provisions during the period are as follows:

	2022	2021
At the beginning of the period - 1 January	5,413,308	1,903,937
Increase during the period	309,293	3,509,371
<b>At the end of the period - 31 December</b>	<b>5,722,601</b>	<b>5,413,308</b>

Guarantees received	31 December 2022	31 December 2021
Guarantee letters	719,958,315	361,894,889
Credit insurance	568,255,361	248,866,273
Bails	74,564,519	54,100,595
Letters of credit	14,023,725	9,996,750
<b>At the end of the period - 31 December</b>	<b>1,376,801,920</b>	<b>674,858,507</b>

A significant portion of the Group's collaterals received consist of the assurance collaterals received from customers regarding their trade receivables.

Guarantees given	31 December 2022	31 December 2021
Guarantee letters	1,831,997,365	1,414,729,960
<b>At the end of the period - 31 December</b>	<b>1,831,997,365</b>	<b>1,414,729,960</b>

A significant portion of the letters of guarantee given were given to customers, customs directorates and tax offices regarding the projects the Group received in 2022.



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**NOTE 14 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (Continued)**

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

	<b>31 December 2022</b>	<b>31 December 2021</b>
A. Total amount of CPM given for the Group's own legal personality	607,502,211	287,966,928
B. Total amount of CPM given on behalf of fully consolidated companies	1,224,495,154	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.	-	-
The ratio of total amount of other CPM to Equity (%)	0%	0%

**NOTE 15 - SHARE CAPITAL, RESERVES AND OTHER EQUITY COMPONENTS**

Compositions of the Group's paid-in share capital at 31 December 2022 and 2021 are as follows:

	<b>31 December 2022</b>		<b>31 December 2021</b>	
	<b>Share ratio (%)</b>	<b>Amount</b>	<b>Share ratio (%)</b>	<b>Amount</b>
Draka Holding B.V.	83.75	181,506,654	83.75	181,506,654
Public (*)	16.25	35,226,998	16.25	35,226,998
<b>Paid in share capital</b>		<b>216,733,652</b>		<b>216,733,652</b>

(\*) As of 31 December 2021 and 2020, the share ratio of repurchased shares is 0.46%.

As of 31 December 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.

The details of the Restricted Reserves are as follows:

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

# TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş. AND ITS SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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### NOTE 15 - SHARE CAPITAL, RESERVES AND OTHER EQUITY COMPONENTS (Continued)

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 27 May 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 TRY0,0473 (2021: TRY0,0313) in net.

#### **Premiums Related to Shares**

Share premiums represent the positive or negative differences between the nominal amount of the shares offered to the public and the purchase amount.

#### 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.

### NOTE 16 - CONTRACTUAL ASSETS AND LIABILITIES

	<b>31 December 2022</b>	<b>31 December 2021</b>
Costs on work-in-progress	1,650,488,677	451,222,791
Recognized profits less/losses (net)	221,193,092	94,372,260
Minus: Realized progress payments (-)	(1,069,002,108)	(333,854,517)
	<b>802,679,661</b>	<b>211,740,534</b>

The Group takes the completion percentage of the contract activities as a basis in the transfer of the income and expenses of the mentioned construction works to the financial statements. Contracts regarding the works signed / completed or in progress by the Group are as follows:

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(Amounts expressed in TRY unless otherwise indicated)

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#### NOTE 16 - CONTRACTUAL ASSETS AND LIABILITIES (Continued)

**a) TKABY.54 Yenibosna GIS TM Veliefendi Project**

The Group signed the contract for the mentioned construction works on 4 January 2021. The income and expenses calculated according to the completion percentage related to the mentioned construction work are reflected in the consolidated financial statements with a completion rate of 85% as of the current period.

**b) Çanakkale Strait\_Lapseki3-Sütlüce3\_Lot1**

The Group has signed the contract for the construction works in question on 30 June 2021. The income and expenses calculated according to the completion percentage related to the mentioned construction work are reflected in the consolidated financial statements with a completion rate of 11% as of the current period.

**c) İzmit Gulf\_Hersek-Dilovası\_Lot2**

The Group has signed the contract for the construction works in question on 30 June 2021. The income and expenses calculated according to the completion percentage related to the mentioned construction work are reflected in the consolidated financial statements with a completion rate of 9% as of the current period.

**d) İTM 287 Bostancı GIS TM**

The Group signed the contract for the mentioned construction works on 14 July 2021. The income and expenses calculated according to the completion percentage related to the mentioned construction work are reflected in the consolidated financial statements with a completion rate of 100% as of the current period.

**e) 154 kV İTM 340 - Ezine TM**

The Group signed the contract for the mentioned construction works on 27 December 2021. The income and expenses calculated according to the completion percentage related to the mentioned construction work are reflected in the consolidated financial statements with a completion rate of 100% as of the current period.

**f) İTM 258 Beşyüzevler GIS TM**

The Group signed the contract for the mentioned construction works on 10 February 2021. The income and expenses calculated according to the completion percentage related to the mentioned construction work are reflected in the consolidated financial statements with a completion rate of 100% as of the current period.

**g) Sultanmurat-İstanbul DG Fuel Oil B) Brş. N. - Halkalı GIS TM**

The Group signed the contract for the mentioned construction works on 31 March 2022. The income and expenses calculated according to the completion percentage related to the mentioned construction work are reflected in the consolidated financial statements with a completion rate of 85% as of the current period.

**h) İTM 362 Halkalı 154Kv**

The Group signed the contract for the mentioned construction works on 11 May 2022. The income and expenses calculated according to the completion percentage related to the mentioned construction work are reflected in the consolidated financial statements with a completion rate of 61% as of the current period.

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in TRY unless otherwise indicated)

#### NOTE 16 - CONTRACTUAL ASSETS AND LIABILITIES (Continued)

##### i) ITM,368 Silahtar GIS TM

The Group signed the contract for the mentioned construction works on 21 January 2022. The income and expenses calculated according to the completion percentage related to the mentioned construction work have not reflected in the consolidated financial statements yet.

##### j) HKABY.8 - Çerkezköy OSB-Kemerburgaz RES

The Group signed the contract for the mentioned construction works on 27 October 2022. The income and expenses calculated according to the completion percentage related to the mentioned construction work have not reflected in the consolidated financial statements yet.

##### k) ITM 360 Bağlica 154Kv

The Group signed the contract for the mentioned construction works on 08 August 2022. The income and expenses calculated according to the completion percentage related to the mentioned construction work have not reflected in the consolidated financial statements yet.

#### NOTE 17 - REVENUE AND COST OF SALES

	1 January - 31 December 2022	1 January - 31 December 2021
Domestic sales	7,597,783,626	3,922,610,957
Export sales	1,282,933,618	862,647,437
Minus: Discounts	(1,668,526,741)	(1,562,635,181)
Minus: Returns	(25,375,149)	(1,853,042)
<b>Net sales</b>	<b>7,186,815,354</b>	<b>3,220,770,171</b>
<b>Cost of sales (-)</b>	<b>(6,327,260,526)</b>	<b>(2,841,907,068)</b>
<b>Gross profit from operations</b>	<b>859,554,828</b>	<b>378,863,103</b>

The breakdown of net revenue according to the fulfillment times of performance obligations is as follows:

	1 January - 31 December 2022	1 January - 31 December 2021
At a certain moment in time	5,845,947,898	2,895,424,929
Pervasive in time (As part of construction contracts)	1,340,867,456	325,345,242
	<b>7,186,815,354</b>	<b>3,220,770,171</b>

The breakdown of cost of sales is as follows:

	1 January - 31 December 2022	1 January - 31 December 2021
Raw material expenses	4,533,269,081	2,316,741,677
Cost of service sold	815,942,343	239,531,168
Cost of merchandise sold	713,531,589	124,432,793
General production expense	168,742,948	100,318,151
Personnel expenses	86,989,697	53,647,943
Depreciation and amortization expenses	8,784,868	7,235,336
	<b>6,327,260,526</b>	<b>2,841,907,068</b>

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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**NOTE 18 - RESEARCH AND DEVELOPMENT EXPENSES**

	<b>1 January - 31 December 2022</b>	<b>1 January - 31 December 2021</b>
<b>Research and development expenses</b>		
Personnel expenses	5,620,677	3,129,041
Test, measurement and document expenses	2,339,992	2,267,140
Depreciation and amortization	4,771	3,808
Other	938,436	467,037
	<b>8,903,876</b>	<b>5,867,026</b>

**NOTE 19 - MARKETING EXPENSES, SELLING AND DISTRIBUTION EXPENSES,  
GENERAL ADMINISTRATIVE EXPENSES**

	<b>1 January - 31 December 2022</b>	<b>1 January - 31 December 2021</b>
<b>Marketing, selling and distribution expenses</b>		
Logistics and freight costs	334,653,667	164,099,877
Personnel expenses	31,549,563	19,254,001
External service expenses	326,693	63,012
Depreciation and amortization	33,768	32,504
Other	10,603,362	8,295,099
	<b>377,167,053</b>	<b>191,744,493</b>

	<b>1 January - 31 December 2022</b>	<b>1 January - 31 December 2021</b>
<b>General administrative expenses:</b>		
License and service expenses	80,785,127	49,655,867
Personnel expenses	45,490,390	19,413,585
Depreciation and amortization	4,835,604	2,594,993
Litigation, consultancy and audit expenses	2,101,851	1,289,794
Donations and membership dues	1,210,174	717,816
Insurance expense	1,140,323	801,767
External service expenses	479,789	353,355
Other	13,999,324	6,267,567
	<b>150,042,582</b>	<b>81,094,744</b>

## TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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#### NOTE 20 - EXPENSES BY NATURE

	1 January- 31 December 2022	1 January - 31 December 2021
<b>Expenses by Nature</b>		
Raw material expenses	4,533,269,081	2,316,741,677
Cost of merchandise sold	815,942,343	239,531,168
Logistics expenses, sales and letter of guarantee commissions	713,531,589	124,432,793
Cost of merchandise sold	334,653,667	164,099,877
Production costs	169,650,327	95,444,570
Labor expense	168,742,948	100,318,151
License and service expenses	80,785,127	49,655,867
Depreciation and amortization	13,659,011	9,866,641
Litigation, consultancy and audit expenses	2,101,851	1,289,794
Other	31,038,093	19,232,793
	<b>6,863,374,037</b>	<b>3,120,613,331</b>

#### *The breakdown of litigation, consultancy and audit expenses*

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

	1 January- 31 December 2022	1 January- 31 December 2021
Independent audit fee for the reporting period	470,000	255,000
Fees for tax consultancy services	152,006	156,562
	<b>622,006</b>	<b>411,562</b>

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### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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#### NOTE 21 - OTHER OPERATING INCOME AND EXPENSE

Details of other income from main operations are as follows:

	<b>1 January- 31 December 2022</b>	<b>1 January - 31 December 2021</b>
Realized income from derivative financial instruments	213,768,403	135,539,000
Gain on valuation of derivative financial instruments	-	138,557,835
Cost reflection revenues	9,020,553	4,105,450
Interest income of trade receivables	2,683,863	1,148,652
Foreign exchange gain from commercial activities, net	2,235,609	-
Other	45,926,152	15,148,943
	<b>273,634,580</b>	<b>294,499,880</b>

Details of other expense from main operations are as follows:

	<b>1 January- 31 December 2022</b>	<b>1 January- 31 December 2021</b>
Loss on valuation of derivative financial instruments	(177,072,306)	(218,869,116)
Realized expenses from derivative financial instruments	(116,658,226)	(76,145,907)
Foreign exchange losses from commercial activities, net	(10,829,110)	(7,884,676)
Provision expense for impairment of trade receivables	(5,929,955)	(30,637,598)
Other	(4,696,000)	(1,856,231)
	<b>(315,185,597)</b>	<b>(335,393,528)</b>

#### NOTE 22 - INVESTMENT ACTIVITIES INCOME AND EXPENSES

Details of income from investment activities are as follows:

	<b>1 January - 31 December 2022</b>	<b>1 January - 31 December 2021</b>
Gain on sales of tangible and intangible assets	3,663,367	118,812
	<b>3,663,367</b>	<b>118,812</b>

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#### NOTE 23 - FINANCIAL INCOME AND EXPENSES

Financial income:

	<b>1 January - 31 December 2022</b>	<b>1 January - 31 December 2021</b>
Interest income	15,417,160	8,277,432
	<b>15,417,160</b>	<b>8,277,432</b>

Financial expense:

	<b>1 January - 31 December 2022</b>	<b>1 January - 31 December 2021</b>
Interest expenses on bank loans	(83,732,747)	(14,917,848)
Severance pay interest expenses	(3,509,000)	(2,408,034)
Interest expenses related to leasing transactions	(1,166,707)	(273,210)
Other	(2,535,332)	(1,353,983)
	<b>(90,943,786)</b>	<b>(18,953,075)</b>

#### NOTE 24 - INCOME TAXES

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

	<b>31 December 2022</b>	<b>31 December 2021</b>
Corporate tax provision	90,070,950	-
Loss: Prepaid taxes	(172,743,954)	(29,072,932)
<b>Current income tax liability/(assets)</b>	<b>(82,673,004)</b>	<b>(29,072,932)</b>

In Turkey, the corporation tax rate is 23% for 2022 (2021: 25%). 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). No further tax is payable unless the profit is distributed calculated on an exemption amount if an investment allowance is granted in the scope of Income Tax Law temporary article 61.

The law on amending the Tax Procedure Law and the Corporate Tax Law was enacted on 20 January 2022, Law No. It has been enacted with the number 7352 and it has been decided that the financial statements will not be subject to inflation adjustment in the 2021 and 2022 accounting periods, including the temporary accounting periods, and in the provisional tax periods of the 2023 accounting period, regardless of whether the conditions for the inflation adjustment within the scope of the Repeated Article 298 are met. 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 TAS 29 Financial Reporting in Hyperinflationary Economies in the consolidated financial statements for 2021.



# TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş. AND ITS SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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### NOTE 24 - INCOME TAXES (Continued)

Companies calculate temporary tax at the rate of 23% (2021: 25%) on their quarterly financial profits and declare it until the 17th day of the second month following that period and pay it until the evening of the 17th (2021: 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. There is no practice in Turkey to reach an agreement with the tax authority regarding the taxes to be paid. Corporate tax returns are submitted to the relevant tax office until the evening of the 25th day of the fourth month following the month in which the accounting period is closed. Authorities authorized for tax inspection can examine the accounting records within five years, and if erroneous transactions are detected, tax amounts may change due to tax assessment. According to the Turkish tax legislation, financial losses shown on the declaration can be deducted from the corporate income for the period, provided that they do not exceed 5 years. However financial losses can not be offsetted from last year's profits.

For the period ended 31 December 2022 and 2021, tax expense in the profit or loss comprised the following:

	<b>1 January - 31 December 2022</b>	<b>1 January - 31 December 2021</b>
Corporate tax expense current period	(90,070,950)	-
Deferred tax assets/(liabilities)	70,050,027	(7,973,367)
<b>Total tax income/(expense)</b>	<b>(20,020,923)</b>	<b>(7,973,367)</b>

The reconciliation between the corporate tax expense with the legal tax rate applied to the profit before tax and the tax income/(expense) shown in the profit or loss statement for the one-year accounting periods ending on 31 December 2022 and 31 December 2021 is as follows:

	<b>1 January - 31 December 2022</b>	<b>1 January - 31 December 2021</b>
Profit before tax	210,027,041	48,706,361
The current legal corporate tax rate	23%	25%
Tax calculated over the tax rate	(48,306,219)	(12,176,589)
Expenses and additions that are not legally accepted	(33,601,473)	(2,547,823)
Used investment contribution	27,388,348	2,969,995
Impact of investment contribution with deferred tax	6,300,811	1,551,248
Discounts	23,003,683	1,883,135
Other	5,193,927	346,667
<b>Tax income/(expense)</b>	<b>(20,020,923)</b>	<b>(7,973,367)</b>

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**NOTE 24 - INCOME TAXES (Continued)**

The breakdown of cumulative temporary differences and the resulting deferred income tax assets/(liabilities) provided at 31 December 2022 and 2021 are as follows:

Deferred tax assets/(liabilities)	Cumulative temporary differences		Deferred income tax assets/(liabilities)	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Inventory impairment	18,757,840	(58,650,971)	(4,314,303)	13,489,723
Trade receivables	6,093,370	306,303	(1,401,475)	(70,450)
Derivative instruments	625,544	113,812,719	(143,875)	(26,176,925)
Litigation provision	(2,331,254)	(886,642)	536,188	203,928
Investment incentive discount	(20,620,427)	(12,913,023)	4,742,698	2,969,995
Unused leave allowances	(21,021,814)	(16,887,549)	4,835,017	3,884,136
Tangible and intangible assets	(24,093,760)	(22,704,683)	4,856,605	4,578,790
Provision for severance pay	(37,632,036)	(19,153,416)	7,523,921	3,830,683
Long-term construction projects	(75,630,835)	35,423,081	17,395,092	(8,147,309)
Provisions	(97,646,054)	(42,239,353)	22,458,592	9,715,051
Trade payables	(105,330,953)	(27,028,504)	24,226,119	6,216,556
Other	(64,389,317)	(52,469,200)	14,809,543	12,067,916
<b>Deferred tax assets/(liabilities), Net</b>			<b>95,524,122</b>	<b>22,562,094</b>

Movements of deferred tax assets and liabilities are as follows:

	2022	2021
<b>At the beginning of the period - 1 January</b>	<b>22,562,094</b>	<b>30,945,261</b>
Associated with the profit or loss	70,050,027	(7,973,367)
Associated with other comprehensive income	2,912,000	(409,800)
<b>At the end of the period - 31 December</b>	<b>95,524,122</b>	<b>22,562,094</b>

**NOTE 25 - 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.

There are no ordinary shares issued or to be issued as of the date of preparation of the financial statements and prior to the completion of these consolidated financial statements.

	31 December 2022	31 December 2021
Net profit per share of the parent	190,006,118	40,732,994
Weighted average number of ordinary shares issued	216,733,652	216,733,652
<b>Earnings per share</b>	<b>0,8767</b>	<b>0,1879</b>
<b>Loss/gain per share</b>	<b>0,8767</b>	<b>0,1879</b>

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**NOTE 26 - RELATED PARTY DISCLOSURES**

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

	<b>31 December 2022</b>	<b>31 December 2021</b>
	<b>Trade receivables</b>	<b>Trade receivables</b>
Prysmian Group Norge AS	17,963,356	9,834,637
Prysmian Cavi e Sistemi Italia S.r.l.	13,757,592	67,504,916
Oman Cables Industry (SAOG)	8,498,213	1,094,578
LLC Rybinskelektrokabel	4,638,975	300,205
Prysmian MKM Magyar Kabel Muve	3,192,573	414,191
Prysmian Finland Oy	3,040,350	6,948,208
Prysmian Kabel und Systeme GmbH	2,994,112	912,251
Prysmian S.P.A.	1,819,423	1,994,391
Prysmian Cabluri Si Sisteme S.	1,636,960	5,015,456
Draka Comteq UK Limited	887,780	1,903,620
Prysmian Australia Pty Ltd	836,794	710,828
Prysmian Spain, S.A.	448,105	6,568,037
Prysmian Cables & Systems Limited	251,294	1,673,867
Prysmian Cables et Systèmes Fr	203,267	4,139,969
Other	1,174,574	2,501,705
	<b>61,343,368</b>	<b>111,516,859</b>

	<b>31 December 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	632,175,674	-	150,321,965	-
Prysmian S.P.A.	361,495,678	-	72,637,278	-
Prysmian Cavi e Sistemi Italia S.r.l.	52,638,798	-	15,405,525	-
Prysmian Kabel und Systeme GmbH	18,443,823	-	3,959,292	-
Prysmian Netherlands B.V.	15,065,869	-	235,270	-
Oman Aluminium Processing				
Industrie	5,173,031	-	4,662,690	-
Prysmian Cables et Systèmes Fr	4,705,860	-	-	-
Draka Kabely SRO	893,611	-	-	-
Draka Comteq UK Limited	73,655	-	654,887	-
SILEC Cable, S.A.S.	-	-	82,725,240	-
Draka Holding BV (*)	-	175,000,000	-	-
Other	5,145,897	-	5,912,851	50,641
	<b>1,095,811,896</b>	<b>175,000,000</b>	<b>336,514,998</b>	<b>50,641</b>

(\*) It consists of short-term financial debts that the Group receives from its partners for its operational activities. As of 31 December 2022, the effective weighted interest rate of other debts in TL currency is 44.48% and their maturity is less than one year.

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

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(Amounts expressed in TRY unless otherwise indicated)

**NOTE 26 - RELATED PARTY DISCLOSURES (Continued)**

Sales transactions with related parties are as follows:

	<b>31 December 2022</b>	<b>31 December 2021</b>
Prysmian Cavi e Sistemi Italia S.R.L	190,291,151	150,299,516
Prysmian Group Norge AS	110,688,433	57,992,445
Draka Denmark Optical Cable AS	59,091,313	714,121
Prysmian Kabel und Systeme GmbH	37,022,428	8,563,451
Prysmian Cabluri si Sisteme S.A.	30,111,584	23,630,508
LLC Rybinskelektrokabel	20,459,327	408,095
Oman Cables Industry SAOG	18,043,824	2,772,393
Prysmian Finland Oy	14,417,172	8,219,581
Prysmian Cables & Systems Ltd.	11,247,249	23,908,722
Draka Comteq UK Ltd	7,264,299	4,298,678
Prysmian Group Baltics AS	6,269,380	31,036
Draka Kabel Sverige AB	3,989,735	9,990,485
Prysmian Australia Pty Ltd	3,786,114	2,260,022
Singapore Cables Manufacturers Pte Ltd	2,655,847	14,464,126
Prysmian Spa	2,353,612	1,662,135
Prysmian Cables et Systemes France SAS	1,354,254	8,497,421
Prysmian Spain, S.A.	663,506	10,982,332
Other	20,195,029	12,065,085
	<b>539,904,257</b>	<b>340,760,152</b>

Purchase transactions with related parties are as follows:

	<b>1 January – 31 December 2022 Purchases</b>	<b>1 January – 31 December 2021 Purchases</b>
Prysmian Finland Oy	380,595,801	8,219,581
Prysmian Spa	360,407,363	1,662,135
Prysmian Kabel und Systeme GmbH	188,758,985	8,563,451
Silec Cable, S.A.S.	180,836,478	33,361
Prysmian Cavi e Sistemi Italia S.R.L	128,275,131	150,299,516
Prysmian Cables et Systemes France SAS	69,076,882	8,497,421
Prysmian MKM Magyar Kabel Muve	41,616,094	1,697,645
Draka Comteq UK Ltd	30,788,646	4,298,678
Oman Aluminium Processing Industrie	27,290,838	550,752
Prysmian Netherlands B.V.	22,508,412	4,011,209
Prysmian Cabluri si Sisteme S.A.	14,198,350	23,630,508
Fibre Ottiche Sud - F.O.S. S.r	9,846,753	1,352,599
Draka Kabel Sverige AB	7,809,077	9,990,485
Prysmian Cables & Systems Ltd.	6,179,776	23,908,722
Prysmian Spain, S.A.	3,634,954	10,982,332
Singapore Cables Manufacturers Pte Ltd	2,648,598	14,464,126
Prysmian Group Norge AS	610,707	57,992,445
Other	33,379,120	10,605,186
	<b>1,508,461,965</b>	<b>340,760,152</b>

## TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in TRY unless otherwise indicated)

#### NOTE 26 - RELATED PARTY DISCLOSURES (Continued)

Key management personnel include consists of senior executives in the board of directors, executive board and other important management levels. Benefits provided to senior executives during the period are as follows:

	<b>1 January - 31 December 2022</b>	<b>1 January - 31 December 2021</b>
Paid to board members	7,797,626	9,661,654
Other	7,728	10,139
	<b>7,805,354</b>	<b>9,671,793</b>

Service purchases made with related parties are as follows:

	<b>31 December 2022</b>	<b>31 December 2021</b>
Prysmian S.P.A.	52,581,606	34,316,467
Prysmian Cavi e Sistemi S.r.l.	28,203,521	15,339,400
	<b>80,785,127</b>	<b>49,655.867</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).

## TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in TRY unless otherwise indicated)

#### NOTE 27 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

In managing the capital, the Company's objectives are to ensure the continuity of the Company's activities by maintaining the most appropriate capital structure in order to provide returns to its shareholders and to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may change the amount of dividends paid to shareholders, return capital to shareholders, issue new shares and sell assets to reduce debt.

The Company monitors the capital using the financial liability/equity ratio. The Company has not determined a specific target for these ratios and determines its periodical strategies by evaluating the needs and market conditions.

#### Capital risk management

	31 December 2022	31 December 2021
Total Financial liabilities	70,000,000	-
Less: Cash and cash equivalents	(280,398,600)	(411,993,946)
<b>Net financial debt</b>	<b>(210,398,600)</b>	<b>(411,993,946)</b>
<b>Equity</b>	<b>604,826,583</b>	<b>437,963,278</b>
<b>Net debt/equity</b>	<b>(35) %</b>	<b>(94) %</b>

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

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(Amounts expressed in TRY unless otherwise indicated)

**NOTE 27 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)**

**Credit risk**

Credit risk arises from deposits in banks, receivables from related parties and other trade receivables, and holding the financial assets also carries the risk that counterparties may be unable to meet the requirements of the agreement. Credit risk arises from deposits in banks, receivables from related parties and other trade receivables, and holding the financial assets also carries the risk that counterparties may be unable to meet the requirements of the agreement. The Company management meets these risks by limiting the average risk for the counterparty (excluding related parties) in each agreement and obtaining collateral if necessary. Trade receivables are evaluated by the Company management based on past experiences and current economic conditions and are presented in the statement of financial position net of provision for doubtful receivables. The Company considers that it manages the receivables risk effectively. The following tables present an analysis of the credit risk of the Company as of 31 December 2022 and 2021.

	31 December 2022			Derivative instruments	
	Related party	Trade receivables	Other receivables		Bank deposits
Maximum credit risk as of reporting date A + B + C + D + E	61,343,368	1,058,450,170	75,633	108,963,028	625,544
- <i>Guaranteed portion of maximum risk</i>	-	595,082,484	-	-	-
A. Net book value of the assets that are not due or that are not impaired	51,971,446	840,880,876	75,633	108,963,028	625,544
B. Value of the financial assets whose terms have been renegotiated otherwise considered as overdue or impaired	-	-	-	-	-
C. Book value of the overdue but not impaired assets	9,371,922	111,085,673	-	-	-
- <i>Guaranteed portion of the maximum risk</i>	-	106,483,621	-	-	-
D. Net book value of the assets impaired	-	-	-	-	-
- <i>Overdue (net book value)</i>	-	107,894,692	-	-	-
- <i>Impairment (-)</i>	-	(107,894,692)	-	-	-
- <i>The portion of the net worth secured by collateral, etc.</i>	-	-	-	-	-
E. Off balance sheet items with credit risk	-	(1,416,207)	-	-	-

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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(Amounts expressed in TRY unless otherwise indicated)

**NOTE 27 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)**

**Credit risk (Continued)**

	31 December 2021			Derivative instruments	
	Related party	Trade receivables	Trade receivables		Other receivables
Maximum credit risk as of reporting date A + B + C + D + E	111,516,859	622,448,812	71,513	334,448,744	113,812,719
- <i>Guaranteed portion of the maximum risk</i>	-	226,813,557	-	-	-
A. Net book value of the assets that are not due or that are not impaired	77,501,406	547,323,556	71,513	334,448,744	113,812,719
B. Value of the financial assets whose terms have been renegotiated otherwise considered as overdue or impaired	-	-	-	-	-
C. Book value of the overdue but not impaired assets	34,015,453	76,397,775	-	-	-
- Guaranteed portion of the maximum risk	-	33,347,750	-	-	-
D. Net book value of the assets impaired	-	-	-	-	-
- <i>Overdue (net book value)</i>	-	102,927,827	-	-	-
- <i>Impairment (-)</i>	-	(102,927,827)	-	-	-
- <i>The portion of the net worth secured by collateral, etc.</i>	-	-	-	-	-
E. Off balance sheet items with credit risk	-	(1,272,519)	-	-	-



## TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in TRY unless otherwise indicated)

#### NOTE 27 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

##### Liquidity risk

Prudent liquidity risk management consists of providing sufficient cash, enabling funding through adequate credit facilities and the ability to close open positions. Due to the dynamic nature of the business environment, the Company aimed for flexibility in funding through borrowing from related parties.

Due to the dynamic nature of the business environment, the Company sought flexibility in funding by borrowing from related parties.

The breakdown of the liabilities of the Company, which include interest to be paid on the Company's liabilities, on the remaining maturities is as follows:

<b>31 December 2022</b>	<b>Net book value</b>	<b>Total contractual cash outflow</b>	<b>Up to 3 months</b>	<b>3 - 12 months</b>	<b>1 - 5 years</b>
Bank borrowings	70,000,000	74,794,250	-	74,794,250	-
Trade payables	2,051,575,232	2,051,575,232	2,028,049,846	23,525,386	-
Leasing liabilities	5,892,532	5,892,532	742,892	2,228,671	2,920,969
Other debts	175,000,000	213,920,000	-	213,920,000	-
<b>Total</b>	<b>2,302,467,764</b>	<b>2,346,182,014</b>	<b>2,028,049,846</b>	<b>312,239,636</b>	<b>2,920,969</b>

<b>31 December 2021</b>	<b>Net book value</b>	<b>Total contractual cash outflow</b>	<b>Up to 3 months</b>	<b>3 - 12 months</b>	<b>1 - 5 years</b>
Trade payables	1,327,122,745	1,327,122,745	942,922,887	384,199,858	-
Leasing liabilities	1,405,061	1,405,061	229,663	688,988	486,410
<b>Total</b>	<b>1,328,527,806</b>	<b>1,328,527,806</b>	<b>943,152,550</b>	<b>384,888,846</b>	<b>486,410</b>

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**NOTE 27 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)**

	31 December 2022				31 December 2021			
	TRY Equivalent	USD	EUR	GBP	TRY Equivalent	USD	EUR	GBP
1. Trade Receivables	571,103,388	13,430,905	16,050,660	-	423,703,893	18,681,701	12,246,867	83,077
2a. Monetary Financial Assets (including cash bank accounts)	70,929,685	1,120,846	2,506,748	-	319,476,314	5,676,521	16,741,877	-
2b. Non-monetary Financial Assets	-	-	-	-	-	-	-	-
3. Other	119,322,773	-	5,985,622	-	126,506,910	-	8,616,287	-
<b>4. Current Assets (1+2+3)</b>	<b>761,355,846</b>	<b>14,551,751</b>	<b>24,543,030</b>	-	<b>869,687,117</b>	<b>24,358,222</b>	<b>37,605,031</b>	<b>83,077</b>
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>761,355,846</b>	<b>14,551,751</b>	<b>24,543,030</b>	<b>-</b>	<b>869,687,117</b>	<b>24,358,222</b>	<b>37,605,031</b>	<b>83,077</b>
10. Trade Payables	(585,591,437)	(3,441,938)	(26,092,567)	(1,222)	(1,151,817,705)	(49,433,088)	(34,614,861)	-
11. Financial Liabilities	-	-	-	-	-	-	-	-
12a. Other Monetary Liabilities	(533,250,183)	(7,612,391)	(19,561,123)	(160)	(487,838,102)	(6,818,436)	(27,139,692)	-
12b. Other Non-monetary Liabilities	(706,249,106)	-	(35,364,086)	-	(127,126,307)	-	(8,642,874)	-
<b>13. Short-term Liabilities (10+11+12)</b>	<b>(1,825,090,726)</b>	<b>(11,054,329)</b>	<b>(81,017,776)</b>	<b>(1,382)</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>(1,825,090,726)</b>	<b>(11,054,329)</b>	<b>(81,017,776)</b>	<b>(1,382)</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)	484,146,863	4,700,000	19,870,000	-	743,676,485	35,300,000	19,450,000	-
19.a. The Amount of the Asset Type Off Balance	484,146,863	4,700,000	19,870,000	-	743,676,485	35,300,000	19,450,000	-
19.b. The Amount of the Liability Type Off Balance	-	-	-	-	-	-	-	-
<b>20. Net Foreign Exchange Asset/(Liability) Position (9+18+19)</b>	<b>(579,588,017)</b>	<b>8,197,422</b>	<b>(36,604,746)</b>	<b>(1,382)</b>	<b>(153,418,512)</b>	<b>3,406,698</b>	<b>(13,342,396)</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+16)	(476,808,547)	3,497,422	(27,096,282)	(1,382)	(896,475,600)	(31,893,302)	(32,765,809)	83,077
<b>22. Total Fair Value of Financial Instruments Used for - Foreign Currency Hedging</b>	<b>484,146,863</b>	<b>4,700,000</b>	<b>19,870,000</b>	<b>-</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>484,146,863</b>	<b>4,700,000</b>	<b>19,870,000</b>	<b>-</b>	<b>743,676,485</b>	<b>35,300,000</b>	<b>19,450,000</b>	<b>-</b>
<b>24. Hedged Foreign Exchange Liabilities</b>	<b>1,282,933,618</b>	<b>33,460,609</b>	<b>42,352,157</b>	<b>789,290</b>	<b>862,647,437</b>	<b>45,975,288</b>	<b>40,944,504</b>	<b>2,184,292</b>
<b>25. Export</b>	<b>524,846,976</b>	<b>363,229</b>	<b>26,531,539</b>	<b>-</b>	<b>939,227,984</b>	<b>27,811,853</b>	<b>65,999,787</b>	<b>10,537</b>
<b>26. Import</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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**NOTE 27 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL  
INSTRUMENTS (Continued)**

**Exchange rate risk**

The table below shows the effect of a 10% depreciation in TRY on the profit before tax level:

<b>Table of Sensitivity Analysis for Foreign Currency Risk</b>	<b>31 December 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	6,539,585	(6,539,585)
<b>USD net effect</b>	<b>6,539,585</b>	<b>(6,539,585)</b>
<b>10% change in EUR against TRY:</b>		
EUR net assets/liabilities	(54,217,316)	54,217,316
<b>EUR net effect</b>	<b>(54,217,316)</b>	<b>54,217,316</b>
<b>10% change in Others against TRY:</b>		
Others net assets/liabilities	(3,124)	3,124
<b>Others net effect</b>	<b>(3,124)</b>	<b>3,124</b>
<b>Total</b>	<b>(47,680,855)</b>	<b>47,680,855</b>

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**NOTE 27 - NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL  
INSTRUMENTS (Continued)**

Exchange rate sensitivity analysis table	31 December 2021	
	Profit/(Loss) Depreciation of foreign currency	Profit/(Loss) Appreciation of foreign currency
<b>Change of USD against TRY by 10%:</b>		
USD net assets/liabilities	(41,389,533)	41,389,533
<b>USD net effect</b>	<b>(41,389,533)</b>	<b>41,389,533</b>
<b>Change of EUR against TRY by 10%:</b>		
EUR net assets/liabilities	(48,403,021)	48,403,021
<b>EUR net effect</b>	<b>(48,403,021)</b>	<b>48,403,021</b>
<b>Change of Others against TRY by 10%:</b>		
Others net assets/liabilities	144,994	(144,994)
<b>Others net effect</b>	<b>144,994</b>	<b>(144,994)</b>
<b>Total</b>	<b>(89,647,560)</b>	<b>89,647,560</b>

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

## TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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#### NOTE 28 - RIGHT OF USE ASSETS

	<b>Buildings</b>	<b>Vehicles, floors and fixtures</b>	<b>Total</b>
<b>As of 1 January 2022</b>	<b>246,424</b>	<b>868,173</b>	<b>1,114,597</b>
Additions	1,091,352	5,705,790	6,797,142
Disposals	-	(712,821)	(712,821)
Depreciation expense	(1,005,030)	(1,497,384)	(2,502,414)
Depreciation disposals	-	581,096	581,096
<b>As of 31 December 2022</b>	<b>332,746</b>	<b>4,944,854</b>	<b>5,277,600</b>

	<b>Buildings</b>	<b>Vehicles, floors and fixtures</b>	<b>Total</b>
<b>As of 1 January 2021</b>	<b>2,459,538</b>	<b>220,774</b>	<b>2,680,312</b>
Additions	125,212	1,142,822	1,268,034
Disposals	(1,970,906)	(69,877)	(2,040,783)
Depreciation expense	(814,772)	(494,188)	(1,308,960)
Depreciation disposals	447,352	68,642	515,994
<b>As of 31 December 2021</b>	<b>246,424</b>	<b>868,173</b>	<b>1,114,597</b>

#### NOTE 29 - 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.

# TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş. AND ITS SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

(Amounts expressed in TRY unless otherwise indicated)

### NOTE 29 - FAIR VALUE DISCLOSURES AND EXPLANATIONS IN THE FRAMEWORK OF HEDGE ACCOUNTING (Continued)

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).

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

Financial assets / liabilities	reasonable value		Reasonable value level	Valuation technique
	31 December 2022	31 December 2021		
Financial assets/ (liabilities) from foreign currency forward contracts	625,544	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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