

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

**SUMMARIZED CONSOLIDATED FINANCIAL STATEMENT TABLES
FOR THE FISCAL PERIOD 1 JANUARY - 30 JUNE 2022
LIMITED AUDIT REPORT**

TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş. AND SUBSIDIARIES

SUMMARIZED CONSOLIDATED FINANCIAL STATEMENT TABLES FOR THE FISCAL PERIOD 1 JANUARY - 30 JUNE 2022

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TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş. AND SUBSIDIARIES

SUMMARIZED CONSOLIDATED FINANCIAL STATEMENT TABLES AS OF 30 JUNE 2022 AND 31 DECEMBER 2021

(All amounts are expressed in Turkish Liras (TRY) unless stated otherwise.)

	Note References	<i>Audited (Independent Limited)</i> 30 June 2022	<i>Audited (Independent)</i> 31 December 2021
ASSETS			
Current assets			
Cash and cash equivalents	3	407,830,841	411,993,946
Derivative instruments		29,175,360	113,812,719
Trade receivables		1,254,805,702	733,965,671
- <i>Related parties</i>	19	147,286,954	111,516,859
- <i>Third parties</i>	4	1,107,518,748	622,448,812
Other receivables		259,869	71,513
- <i>Receivables due from unrelated parties</i>		259,869	71,513
Contract assets		805,117,805	211,740,534
- <i>Contract assets from ongoing construction contracts</i>	13	805,117,805	211,740,534
Inventories	5	680,764,827	452,314,616
Prepaid expenses	6	81,618,211	25,915,106
Assets related to current period tax	17	17,716,746	29,072,932
Other current assets	9	128,123,739	48,064,534
Total current assets		3,405,413,100	2,026,951,571
Non-current assets			
Tangible non-current assets	7	79,015,920	82,396,773
Right-of-use assets	20	4,948,141	1,114,597
Intangible non-current assets excluding goodwill	8	1,815,000	2,121,006
Prepaid expenses		20,511,913	20,511,914
Deferred tax asset	17	61,564,485	22,562,094
Other non-current assets	9	184,275,103	127,072,561
Total current assets		352,130,562	255,778,945
Total assets		3,757,543,662	2,282,730,516

Summarized consolidated financial statements for the interim fiscal period 1 January - 30 June 2022 were approved in the Board of Directors meeting on 27 July 2022. The General Assembly and some other regulatory agencies are authorized to amend the summarized consolidated financial statements prepared in accordance with legal regulations.

Following notes are an integral part of the interim period summarized consolidated financial statements.

TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş. AND SUBSIDIARIES

SUMMARIZED CONSOLIDATED FINANCIAL STATEMENT TABLES AS OF 30 JUNE 2022 AND 31 DECEMBER 2021

(All amounts are expressed in Turkish Liras (TRY) unless stated otherwise.)

	Note References	30 June 2022	31 December 2021
REFERENCES			
Short-term liabilities			
Short-term loans	10	475,761,809	-
Obligations under leases	10	2,113,537	918,651
Trade payables		1,727,356,230	1,327,122,745
- <i>Related parties</i>	19	489,160,709	336,514,998
- <i>Third parties</i>	4	1,238,195,521	990,607,747
Payables within the scope of employee benefits		9,883,969	5,279,323
Other payables		267,935	484,432
- <i>Related parties</i>		-	50,641
- <i>Third parties</i>		267,935	433,791
Deferred income (exc. Contract liabilities)		222,677,250	80,906,190
Contract liabilities	6	369,643,460	312,157,473
Short-term provisions		404,162,402	85,753,209
- <i>Short-term provisions for employee benefits</i>		36,560,027	28,527,678
- <i>Other short-term provisions</i>		367,602,375	57,225,531
Other short-term liabilities	9	4,845,179	6,205,439
Total short-term liabilities		3,216,711,771	1,818,827,462
Long-term liabilities			
Obligations under leases	10	3,062,625	486,410
Long-term provisions		27,509,628	25,453,366
- <i>Long-term provisions for employee benefits</i>		20,817,307	19,153,416
- <i>Other long-term provisions</i>		6,692,321	6,299,950
Total long -term liabilities		30,572,253	25,939,776
Total liabilities		3,247,284,024	1,844,767,238
Paid-in Capital	12	216,733,652	216,733,652
Reacquired shares (-)		(2,496,301)	(2,496,301)
Premiums on shares		40,654,618	40,654,618
Other comprehensive accumulated income		(6,786,800)	(6,786,800)
- <i>Items not to be reclassified to profit or loss</i>		(6,786,800)	(6,786,800)
Reserved on retained earnings	12	16,540,411	14,123,489
Profits from previous years		161,822,885	135,001,626
Net Period Profit		83,791,173	40,732,994
Total equities		510,259,638	437,963,278
Total liabilities		3,757,543,662	2,282,730,516

Following notes are an integral part of the interim period summarized consolidated financial statements.

TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş. AND SUBSIDIARIES

CONSOLIDATED PROFIT AND LOSS STATEMENT FOR THE FISCAL PERIODS 1 JANUARY – 30 JUNE 2022 AND 2021

(All amounts are expressed in Turkish Liras (TRY) unless stated otherwise.)

	Note References	<i>Audited (Independent Limited)</i> 1 January - 30 June 2022	<i>Not-audited (Independent Limited)</i> 1 April 30 June 2022	<i>Audited (Independent Limited)</i> 1 January - 30 June 2021	<i>Not-audited (Independent Limited)</i> 1 April 30 June 2021
Revenue	14	3,363,359,081	1,879,379,338	1,320,039,063	746,502,128
Costs of sales (-)	14	(3,009,430,969)	(1,661,606,487)	(1,191,004,051)	(671,182,550)
Gross profit		353,928,112	217,772,851	129,035,012	75,319,578
General administrative expenses (-)	15	(72,977,358)	(38,824,929)	(37,627,637)	(19,922,880)
Marketing, sales and distribution expenses (-)	15	(123,071,197)	(78,060,745)	(53,321,849)	(29,410,296)
Research and development expenses (-)	15	(4,463,156)	(2,059,024)	(2,731,124)	(1,450,614)
Other income from main activities	16	285,808,450	89,793,125	73,148,292	20,578,882
Other expenses from main activities (-)	16	(328,737,669)	(86,843,741)	(91,548,958)	(34,452,056)
Operating profit		110,487,182	101,777,537	16,953,736	10,662,614
Financing income		5,022,464	2,175,213	5,172,090	3,056,047
Financing expenses (-)		(29,462,653)	(21,956,839)	(9,115,556)	(5,806,463)
Profit before tax		86,046,993	81,995,911	13,010,270	7,912,198
Tax income/(expense)		(2,255,820)	(4,229,583)	4,694,162	(156,548)
Tax expense for the current period	17	(41,258,211)	(13,218,073)	-	-
Deferred tax income/(expense)	17	39,002,391	8,988,490	4,694,162	(156,548)
Net Period Profit		83,791,173	77,766,328	17,704,432	7,755,650
Earnings per share	18	0.3866	0.3588	0.0817	0.0358
Other comprehensive income		-	-	-	-
Total comprehensive income		83,791,173	77,766,328	17,704,432	7,755,650

Following notes are an integral part of the interim period summarized consolidated financial statements.

TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş. AND SUBSIDIARIES

SUMMARIZED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE INTERIM FISCAL PERIODS ENDING ON 1 JANUARY – 30 JUNE 2022 AND 2021

(All amounts are expressed in Turkish Liras (TRY) unless stated otherwise.)

				Other comprehensive income (expenses) not to be reclassified to profits or losses				
	Paid-in Capital	Reacquired shares (-)	Premiums on shares	Losses on remeasurements of defined benefit plans	Reserves on retained earnings	Profits from previous years	Net Period Profit	Total equities
<i>Audited (Independent limited audit)</i>								
Balances as of 1 January 2021	216,733,652	(2,496,301)	40,654,618	(8,426,000)	11,336,752	103,343,846	42,418,644	403,565,211
Transfers	-	-	-	-	2,786,737	39,631,907	(42,418,644)	-
Total comprehensive income	-	-	-	-	-	-	17,704,432	17,704,432
Profit shares	-	-	-	-	-	(7,974,127)	-	(7,974,127)
Balances as of June 30, 2021	216,733,652	(2,496,301)	40,654,618	(8,426,000)	14,123,489	135,001,626	17,704,432	413,295,516
<i>Audited (Independent limited audit)</i>								
Balances as of 1 January 2022	216,733,652	(2,496,301)	40,654,618	(6,786,800)	14,123,489	135,001,626	40,732,994	437,963,278
Transfers	-	-	-	-	2,416,922	38,316,072	(40,732,994)	-
Total comprehensive income	-	-	-	-	-	-	83,791,173	83,791,173
Profit shares	-	-	-	-	-	(11,494,813)	-	(11,494,813)
Balances as of June 30, 2022	216,733,652	(2,496,301)	40,654,618	(6,786,800)	16,540,411	161,822,885	83,791,173	510,259,638

Following notes are an integral part of the interim period summarized consolidated financial statements.

TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş. AND SUBSIDIARIES

SUMMARIZED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE INTERIM FISCAL PERIODS ENDING ON 1 JANUARY – 30 JUNE 2022 AND 2021

(All amounts are expressed in Turkish Liras (TRY) unless stated otherwise.)

	Note References	<i>Audited</i> <i>(Independent Limited)</i> 1 January - 30 June 2022	<i>Audited</i> <i>(Independent Limited)</i> 1 January - 30 June 2021
Cash flows from operational activities		(539,096,914)	41,547,319
Net period profit		83,791,173	17,704,432
Adjustments for period net profit reconciliation		(622,888,087)	23,842,887
Adjustments for tax (income)/ expense	17	2,255,820	(4,694,162)
Adjustments for financing expenses		28,271,725	8,410,752
Adjustments for interest income		(5,022,464)	(5,172,090)
Adjustments for Increase in Inventories		(236,472,664)	(149,629,962)
Adjustments for Increase in trade receivables		(520,232,338)	(131,745,053)
Adjustments for increase in other receivables related to activities		(192,964,852)	(1,303,632)
Adjustments for decrease in contract assets		(593,377,271)	16,113,714
Adjustments for decrease/(increase) in trade payables		400,233,485	284,463,278
Adjustments for decrease/increase in other payables related to activities		(216,497)	(46,421)
Other adjustments for non-cash items		3,244,387	(1,885,288)
Adjustments for Impairment Loss	4.5	(7,414,760)	2,151,760
Adjustments for Increase in contract liabilities		199,257,047	13,992,075
Adjustments for amortization and redemption costs		6,415,695	4,588,960
Adjustments for provisions		335,294,975	14,554,266
Adjustments for fair value (losses)/gains	16	(12,097,346)	(18,646,581)
Tax payments		(29,902,025)	(6,947,996)
Other cash inflows/(outflows)		(161,004)	(360,733)
Cash flows from investment activities		3,147,553	(4,878,626)
Cash outflow from sale of tangible non-current assets	7	(1,874,911)	(10,162,345)
Cash advances and loans made to the related parties		-	111,629
Interest received		5,022,464	5,172,090
Cash flows from financing activities		531,786,256	35,332,046
Cash inflows from borrowings	10	454,968,180	50,000,000
Cash outflows arising from lease liabilities		(3,519,935)	(871,286)
Cash inflows from derivative instruments		96,734,705	36,756,800
Cash outflows from derivative instruments		-	(36,807,441)
Profit shares paid		(11,494,813)	(7,974,127)
Interest paid		(4,901,881)	(5,771,900)
Net increase/(decrease) in cash and cash equivalents		(4,163,105)	72,000,739
Cash and cash equivalents at the beginning of the period	3	411,993,946	146,428,538
Cash and cash equivalents at the end of the period	3	407,830,841	218,429,277

Following notes are an integral part of the interim period summarized consolidated financial statements.

TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş. AND SUBSIDIARIES

NOTES FOR SUMMARIZED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM FISCAL PERIOD ENDING ON 30 JUNE 2022

(All amounts are expressed in Turkish Liras (TRY) unless stated otherwise.)

NOTE 1- ORGANIZATION AND LINE OF BUSINESS

Türk Prysmian Kablo ve Sistemleri A.Ş. (“Company”) and its subsidiaries (hereinafter collectively referred as “Group”) established and operating in Turkey is specialized in manufacturing, export, import and trading of all kinds of cables, conductors, machines, apparatuses, tools and equipment as well as their spare parts and accessories. The Company was founded in 1964 and currently operates as a joint-stock company under the parent company Draka Holding B.V. (83.75%). The Group shares are listed in Borsa Istanbul A.Ş. (BIST) since 1986. 16.25% share of the Group is traded on BIST (31 December 2021: 16.25%). The parent company of the Group is Prysmian S.p.A. domiciled in Italy.

The other subsidiary of the Group, Türk Prysmian - Prysmian Powerlink Ordinary Partnership-2 was established in 2014 in the direction of the opinion presented by Revenue Administration regarding the taxation of the work within the scope of DB.KAB.9 Lapseki - Sütlüce 380kV Submarine Cable Project. Türk Prysmian Kablo ve Sistemleri A.Ş. holds hold 99.99% and Prysmian Powerlink S.R.L. holds 0.01% shares of the ordinary partnership established.

The Group is publicly traded and operates in a single business line (cable manufacturing and sales) and in one geographical region. The Group’s product range includes all power cables up to 220 kVolt, copper-conductive communication cables up to 3,600 pairs and fiber optic cables. The Group’s factory is located in Mudanya, Bursa, including a thermal, mechanical, chemical and electrical scientific research and testing laboratory with high level technology and holds TSE certificates.

The Group’s registered address is Ömerbey Mahallesi, Bursa Asfaltı Caddesi, No:51, 16941, Mudanya, Bursa with an Istanbul branch registered on 20 December 2012 and located the address of Ömer Avni Mah. İnebolu Sok. Haktan İş Merkezi No:39 K:2 Setüstü Kabataş Beyoğlu Istanbul. As of 30 June 2022 the Group employs on average 602 personnel in a year (31 December 2021: 571).

The Group's subsidiaries are detailed below:

Subsidiaries	Activity	Core activity
Türk Prysmian-Prysmian Powerlink Ordinary Partnership-2	Sales	Sale of Power Cables
Türk Prysmian - Prysmian Powerlink DB. KAB. 19 Work Ordinary Partnership	Sales	Sale of Power Cables

NOTE 2 - BASIS OF PRESENTATION OF SUMMARIZED CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of presentation

The attached interim period summarized consolidated financial statements have been prepared in compliance with the provisions of the “Communiqué on the Principles of Financial Reporting in Capital Market” Series II, Numbered 14.1 (Communiqué) published in the Official Gazette dated June 13, 2013 numbered 28676, by the Capital Market Board (“CMB”), and based on the Turkish Financial Reporting Systems (“TFRS”) published by the Public Oversight Accounting and Auditing Standards Authority (“POA”) with reference to Article 5 of the Communiqué. TFRS is updated with communiqués published to comply with amendments made in the International Financial Reporting Standards. It covers TFRS and appendices and interpretations thereof. Summarized consolidated financial statements for the interim period are presented in the formats specified under the 2019 TFRS Taxonomy announced by POA on April 15, 2019 and Financial Statement Samples and User's Guide published by CMB.

TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş. AND SUBSIDIARIES

NOTES FOR SUMMARIZED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM FISCAL PERIOD ENDING ON 30 JUNE 2022

(All amounts are expressed in Turkish Liras (TRY) unless stated otherwise.)

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

2.1 Basis of presentation (Continued)

Summarized financial statements are prepared on the basis of historical costs except for the revaluation of derivative financial instruments. The historical cost is typically determined on the basis of the actual value of amounts paid for assets.

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

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

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

Functional and reporting currency

The financial statements of each business within the Group are presented in the currency applicable to the respective fundamental financial environment they operate (functional currency). The financial status and operational results for each business are indicated in TRY, which is the currency applicable for the Group and used in the consolidated financial statements.

The summarized consolidated financial statements comprise of the financial statements of the Company and its subsidiaries. Control is achieved when the Group meets the following conditions:

- has power over the group invested in;
- the group invested in is open or entitled to variable return that will be generated; and
- has the ability to exercise its power in a way to have an effect on returns.

In the event that a situation or event arises which may cause any change in at least one of the criteria listed here above, it shall be reevaluated whether the Group has controlling power over its investment or not.

In cases where the Group does not hold the majority votes over the company invested in, it shall be considered as having controlling power over the company invested in if it has sufficient voting rights to direct/manage the activities of said investments on its own. The Group shall take into account all relevant events and conditions regarding the matter, including the ones listed below, when evaluating whether the vote majority on said investment is sufficient for the Group to exercise controlling power over the party invested in:

- Comparison of the voting rights of the Group with the voting rights of other shareholders;
- Potential voting rights of the Company and other shareholders;
- Rights arising from other agreements in connection with the Agreement and
- Other events and conditions which may demonstrate whether the Company currently has power to manage the relevant activities in cases where a decision needs to be made (including voting taken in general assembly meetings in previous periods).

TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş. AND SUBSIDIARIES

NOTES FOR SUMMARIZED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM FISCAL PERIOD ENDING ON 30 JUNE 2022

(All amounts are expressed in Turkish Liras (TRY) unless stated otherwise.)

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

2.1 Basis of presentation (Continued)

A subsidiary is included within the scope of consolidation when the Group obtains control of the subsidiary and ceases from the date the Group loses control of the subsidiary. Income and expenses of subsidiaries acquired or disposed within the year shall be included under the consolidated profit and loss and other comprehensive income statement starting from the date acquired until the subsidiary is disposed.

Profit or loss item and each component of other comprehensive income are attributed to parent company shareholders and non-controlling shares. Even if non-controlling shares were to result in a deficit balance, total comprehensive income of subsidiaries will be attributed to parent company shareholders and non-controlling shares.

All intra-group assets and liabilities, equities, incomes and losses and cash flow relating to transactions between Group companies shall be eliminated in consolidation.

2.2 Amendments in accounting policies

The accounting policies applied in preparation of the summarized consolidated financial statements for the interim period 1 January - 30 June 2022 are consistent with those applied in preparation of the consolidated financial statements as of 31 December 2021.

2.3 Changes in accounting estimates and errors

Changes in accounting estimates that are related to only one period shall be applied in the period when changes are applied; however if changes are related to future periods, they shall be applied both in the period where the change is made, and in future periods prospectively. Within the current year, there have not been any substantial changes in accounting estimates of the Group.

2.4 Summary of significant accounting policies

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

2.5 Significant accounting estimates, assumptions and decisions

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

2.6 Effects of seasonality on operations

Operations of the companies within the scope of consolidation may increase or decrease by period. Accordingly the results of the period ending on 30 June 2021 may not serve as an indicator for the year-round.

TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş. AND SUBSIDIARIES

NOTES FOR SUMMARIZED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM FISCAL PERIOD ENDING ON 30 JUNE 2022

(All amounts are expressed in Turkish Liras (TRY) unless stated otherwise.)

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

2.7 Major changes in the current period

In the period following the balance sheet date, the cumulative change in the consumer purchasing power in last three years exceeded 100% as of April 2022 according to the CPI rates, and along with qualitative indicators IAS 29 Financial Reporting in Hyperinflationary Economies will need to be applied as of June 2022. With the application of the IAS 29 Standard, the financial statements will be restated into the measuring unit current at the end of the reporting period. Therefore, non-monetary balances in the financial position table, and equity balances and all profit and loss balances and other comprehensive statement of income balances at the end of the period not stated in current measuring unit must be restated to reflect the changes in the general price index. Furthermore, the profit or loss depending on the net monetary position, and monetary position under the other comprehensive statement of income will ascertain the losses and gains. The management is still working on the possible impacts of inflation accounting that will be applied to the financial statements in the next period following the date the financial statements herein are approved.

2.8 New and revised standards and interpretations

a. The new standards, amendments and interpretations which are effective as of 30 June 2022 are as follows:

- **Amendments to TFRS 7, TFRS 4 and TFRS 16 - Interest Rate Benchmark Reform Phase 2 (effective as of 1 January 2021);** The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one. The Phase 2 amendments provide additional temporary reliefs from applying specific IAS 39 and IFRS 9 hedge accounting requirements to hedging relationships directly affected by IBOR reform.
- **Amendments to TFRS 4 Insurance Contracts - Deferral of implementation of TFRS 9 (effective as of 1 January 2021);** These amendments defer the date of application of IFRS 17 by two years to 1 January 2023 and change the fixed date of the temporary exemption in IFRS 4 from applying IFRS 9, Financial instrument until 1 January 2023.
- **Amendments to TFRS 16 'Leases' - Covid-19 related rent concessions Extension of the practical expedient (effective 1 April 2021);** As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. In May 2020, the IASB published an amendment to IFRS 16 that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.

TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş. AND SUBSIDIARIES

NOTES FOR SUMMARIZED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM FISCAL PERIOD ENDING ON 30 JUNE 2022

(All amounts are expressed in Turkish Liras (TRY) unless stated otherwise.)

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

2.8 New and revised standards and interpretations (Continued)

b. Standards, amendments and interpretations that are issued but not effective as at 30 June 2022:

- **A number of narrow-scope amendments to TFRS 3, TAS 16, TAS 37 and some annual improvements on TFRS 1, TFRS 9, TAS 41 and TFRS 16;** effective from annual periods beginning on or after 1 January 2022.
 - **Amendments to TFRS 3,** ‘Business combinations’ update a reference in TFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
 - **Amendments to TAS 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 TAS 37,** ‘Provisions, contingent liabilities and contingent assets’ specify which costs a company includes when assessing whether a contract will be loss-making.

Annual improvements make minor amendments to TFRS 1, ‘First-time Adoption of TFRS’, TFRS 9, ‘Financial Instruments’, TAS 41, ‘Agriculture’ and the Illustrative Examples accompanying TFRS 16, ‘Leases’.

- **Amendments to TAS 1, Presentation of financial statements’ on classification of liabilities;** effective date deferred until accounting periods starting not earlier than 1 January 2024. These narrow-scope amendments to TAS 1, ‘Presentation of financial statements’, clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what TAS 1 means when it refers to the ‘settlement’ of a liability.
- **Narrow scope amendments to TAS 1, Practice statement 2 and TAS 8;** effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.
- **Amendment to TAS 12 – Deferred tax related to assets and liabilities arising from a single transaction;** from annual periods beginning on or after 1 January 2023. These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.
- **TFRS 17, ‘Insurance Contracts’, as amended in December 2021;** effective from annual periods beginning on or after 1 January 2023. This standard replaces TFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. TFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

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NOTE 3 - CASH AND CASH EQUIVALENTS

	30 June 2022	31 December 2021
Cash	6,307	48,730
Banks	291,700,376	334,448,744
- <i>Saving account</i>	273,428,663	320,282,026
- <i>Demand account</i>	18,271,713	14,166,718
Checks received	11,248,935	12,144,268
Credit card receivables	104,875,223	65,352,204
	407,830,841	411,993,946

Group has Saving Accounts in TRY, Euro and USD with average term is shorter than a week and the effective annual interest rate is 19.00%, 1.25% and 1.50% respectively (31 December 2021: Group has Saving Accounts in TRY, Euro and USD with average term is shorter than a week and the effective annual interest rate is 20%, 0.55% and 1.25% respectively). Credit card receivables have less than 3 month terms.

Credit risks of the banks where the cash of the Group is held is assessed based on independent data and no credit risk is expected.

Market value of the cash and cash equivalents is close to the carrying amount thereof, which includes accrued interest on the date of the balance sheet. The Group has blocked deposits relating to POS receivables equal to TRY 104,875,223 (31 December 2020: TRY 65,352,204) as of 30 June 2022 and 31 December 2021.

Details with respect to the foreign currency cash and cash equivalents are explained in Note 21.

NOTE 4-TRADE RECEIVABLES AND PAYABLES

Short-term trade receivables	30 June 2022	31 December 2021
Trade receivables and accrued income	1,002,045,751	429,872,019
Checks and Notes Received	210,281,036	296,777,139
related parties	147,286,954	111,516,859
Minus: Provision for Decrease in Value	(104,808,039)	(104,200,346)
	1,254,805,702	733,965,671

Average maturity of trade receivables of the Group is 3 months (31 December 2021: 3 months). Carrying amount of the trade receivables is considered to approximate their fair values. Details of the trade receivables in foreign currency are explained in Note 21.

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NOTE 4-TRADE RECEIVABLES AND PAYABLES (Continued)

Trade receivables impairment movements are as follows:

	1 January - 30 June 2022	1 January - 30 June 2021
1 January	(104,200,346)	(73,562,748)
Provisions for the period	(607,693)	(813,877)
30 June	(104,808,039)	(74,376,625)

Provision for doubtful trade receivables are measured by predicting the credit losses expected based on past experience of non-collection.

Short-term trade payables	30 June 2022	31 December 2021
Trade payables	1,238,195,521	990,607,747
related parties	489,160,709	336,514,998
	1,727,356,230	1,327,122,745

Average payment term for the Group's trade payables are 3 months as of 30 June 2022 (31 December 2021: 3 months).

Group's LC trade liability is TRY285,410,388 (equivalent of USD10,945,663 and EUR10,945,663) as of 30 June 2022 (31 December 2021: TRY572,740,327 (USD26,545,631 and EUR15,545,548).

NOTE 5 - INVENTORIES

	30 June 2022	31 December 2021
Raw materials	221,159,340	137,767,696
Semi-finished goods	165,031,715	158,285,263
Finished goods	308,491,347	190,688,574
Commercial goods	24,771,153	12,284,264
Minus: Provisions for inventory impairment	(38,688,728)	(46,711,181)
	680,764,827	452,314,616

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NOTE 5 - INVENTORIES (Continued)

Inventory impairment movement for the periods 30 June 2022 and 2021 is as follows:

	1 January - 30 June 2022	1 January - 30 June 2021
1 January -	(46,711,181)	(11,912,848)
Increase in the period	-	(1,337,883)
Provisions no longer required	8,022,453	-
30 June	(38,688,728)	(13,250,731)

Raw material and supply expenses associated with cost of sales in the fiscal period 1 January - 30 June 2022 is TRY 2,244,015,787 (30 June 2021: TRY 1,023,235,886) (Note 14).

NOTE 6 - PRE-PAID EXPENSES AND DEFERRED INCOME

Short-term pre-paid expenses	30 June 2022	31 December 2021
Order advances given for projects	64,606,392	400,751
Pre-paid expenses	17,011,819	25,514,355
	81,618,211	25,915,106

Short-term contract liabilities and deferred income

	30 June 2022	31 December 2021
Contract liabilities (*)	369,643,460	312,157,473
Order advances received (exc. Contract liabilities)	222,677,250	80,906,190
	592,320,710	393,063,663

(*) Contractual liabilities are cash advances received from the customers relating to the Group's projects. Significant portion of the advances are comprised of cash advances received with respect to the Submarine project awarded by TEİAŞ during the year 2021.

Short-term provisions	30 June 2022	31 December 2021
Various provisions to projects (*)	281,048,118	5,465,055
Provisions for sales premiums (**)	24,663,434	246,168
Expense accruals related to overseas service agreements	20,107,710	12,836,152
Provision for copper incentive	13,110,660	13,110,660
Commissions	9,410,005	6,854,004
Provisions for maintenance and repair expenses	5,564,214	8,459,454
Provisions arising from the purchase contract	8,424	128,789
Other	13,689,810	10,125,249
	367,602,375	57,225,531

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NOTE 7 - TANGIBLE NON-CURRENT ASSETS

Statements regarding tangible non-current assets for the period 1 January - 30 June 2022 and 2021 is as follows:

	1 January 2022	Additions	Disposals	30 June 2 022
Cost				
Land and plots	3,164,360	-	-	3,164,360
Buildings	63,141,631	-	-	63,141,631
Facilities, machinery and equipment	261,622,065	1,345,734	-	262,967,799
Vehicles, furnishing and fixtures	35,348,507	-	(117,222)	35,231,285
Special costs	77,543	-	-	77,543
On-going investments	53,604	529,177	-	582,781
	363,407,710	1,874,911	(117,222)	365,165,399
Accumulated depreciation				
Premises (-)	(33,344,630)	(651,123)	-	(33,995,753)
Facilities, machinery and equipment (-)	(218,241,369)	(3,176,017)	-	(221,417,386)
Vehicles, furnishing and fixtures (-)	(29,347,395)	(1,401,272)	89,870	(30,658,797)
Special costs (-)	(77,543)	-	-	(77,543)
	(281,010,937)	(5,228,412)	89,870	(286,149,479)
Net book value	82,396,773			79,015,920

As of 30 June 2022, the Group has amortization expenses in the amount of total TRY 6,415,695 comprised of; TRY 5,228,412 for tangible non-current assets, TRY 881,277 for right-of-use assets and TRY 306,006 for intangible non-current assets. Out of said current term amortization and depreciation expenses, a portion of TRY 4,541,308 was reflected on cost of sales, TRY 1,858,120 on general administrative expenses, TRY 13,881 on marketing expenses and TRY 2,386 on research and development expenses. .

As of 30 June 2022, no mortgage or pledge is placed on tangible non-current assets (31 December 2021: None.)

As of 30 June 2022, tangible non-current assets are covered by an insurance of TRY 1,515,253,620.

TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş. AND SUBSIDIARIES

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NOTE 7 - NON-CURRENT ASSETS (Continued)

	1 January 2021	Additions	30 June 2021
Cost			
Land and plots	3,164,360	-	3,164,360
Buildings	62,890,353	-	62,890,353
Facilities, machinery and equipment	240,710,152	8,455,697	249,165,849
Vehicles, furnishing and fixtures	30,746,514	-	30,746,514
Special costs	77,543	-	77,543
On-going investments	53,604	1,706,648	1,760,252
	337,642,526	10,162,345	347,804,871
Accumulated depreciation			
Premises (-)	(32,055,049)	(644,091)	(32,699,140)
Facilities, machinery and equipment (-)	(213,108,168)	(2,305,617)	(215,413,785)
Vehicles, furnishing and fixtures (-)	(27,420,213)	(896,439)	(28,316,652)
Special costs (-)	(77,515)	-	(77,515)
	(272,660,945)	(3,846,147)	(276,507,092)
Net book value	64,981,581		71,297,779

As of 30 June 2022, the Group has amortization expenses in the amount of total TRY 4,558,960 comprised of; TRY 3,846,147 for tangible non-current assets, TRY 673,363 for right-of-use assets and TRY 69,450 for intangible non-current assets. Out of said current term amortization and depreciation expenses, a portion of TRY 3,249,513 was reflected on cost of sales, TRY 1,316,587 on general administrative expenses, TRY 20,474 on marketing expenses and TRY 2,386 on research and development expenses.

NOTE 8 - INTANGIBLE NON-CURRENT ASSETS

	1 January 2022	Additions	30 June 2022
Cost			
Software	3,912,017	-	3,912,017
	3,912,017	-	3,912,017
Accumulated redemption			
Software (-)	(1,791,011)	(306,006)	(2,097,017)
	(1,791,011)	(306,006)	(2,097,017)
Net book value	2,121,006		1,815,000

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NOTE 8 - INTANGIBLE NON-CURRENT ASSETS (Continued)

	1 January 2021	Additions	30 June 2021
Cost			
Software	1,874,814	-	1,874,814
	1,874,814	-	1,874,814
Accumulated redemption			
Software (-)	(1,613,291)	(69,450)	(1,682,741)
	(1,613,291)	(69,450)	(1,682,741)
Net book value	261,523		192,073

NOTE 9 - OTHER ASSETS AND LIABILITIES

Other current assets	30 June 2022	31 December 2021
VAT carried forward (*)	112,729,483	30,852,882
Receivables from Tax Office (**)	15,117,141	16,909,340
Other miscellaneous current assets	277,115	302,312
	128,123,739	48,064,534

(*) Comprised of short-term portion of the value added taxes that could not be offset due to amendment of the communiqué on export-listed sales, the return process has started.

(**) SCT and other VAT receivables from tax office.

Other non-current assets	30 June 2022	31 December 2020
VAT carried forward (*)	184,275,103	127,072,561
	184,275,103	127,072,561

(*) Comprised of the value added taxes that could not be offset due to amendment of the communiqué on export-listed sales. The return process is ongoing and Group management expects the process to take longer than one year.

Other short-term liabilities	30 June 2022	31 December 2021
Tax, fees and other deductions payable	3,794,581	5,937,603
Other miscellaneous payables and liabilities	1,050,598	267,836
	4,845,179	6,205,439

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NOTE 10 - BORROWINGS

Short-term loans	30 June 2022	31 December 2021
Short term bank loans	475,761,809	-
Obligations under leases	2,113,537	918,651
	477,875,346	918,651

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

Long-term borrowings	30 June 2022	31 December 2021
Obligations under leases	3,062,625	486,410
	3,062,625	486,410

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

30 June 2022

Type of Currency	Term	Effective interest rate (%)	Short-term
Turkish Lira	1 years	18.76	475,761,809
			475,761,809

31 December 2021

Type of Currency	Term	Effective interest rate (%)	Short-term
Turkish Lira	-	-	-
			-

Statements of bank loans as of 30 June 2022 and 2021 are as follows:

	January 1 - 30 June 2022	January 1 - 30 June 2021
1 January -	-	51,677,083
New financial borrowings	454,968,180	50,000,000
Change in interest accruals	20,793,629	1,245,862
30 June	475,761,809	102,922,945

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NOTE 11 - CONTINGENT ASSETS AND LIABILITIES

The Company's guarantee, pledge and mortgage (GPM) position is as follows:

	30 June 2022	31 December 2021
A. Total GPMs given on behalf of the legal entity: from third parties:	728,327,513	287,966,928
B. Total GPMs given in favor of subsidiaries included in full consolidation	423,199,282	517,539,112
C. Total GPMs given to maintain ordinary operations and collect payables from third parties:	-	-
D. Other GPMs given	-	-
i) Total GPMs given in favor of main shareholder	-	-
ii) Total GPMs given in favor of other companies not falling within the scope of item B and C	-	-
iii) Total GPMs given in favor of third parties not falling within the scope of item C	-	-
	1,151,526,795	805,506,040

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

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

NOTE 12 - CAPITAL, RESERVES AND OTHER EQUITY ITEMS

Capital:

Paid-in capital structure of the Group as of 30 June 2022 and 31 December 2021 is as follows:

	30 June 2022		31 December 2021	
	Ratio (%)	Amount	Ratio (%)	Amount
Draka Holding B.V.	84	181,506,654	84	181,506,654
Publicly held	16	35,226,998	16	35,226,998
Paid-in Capital		216,733,652		216,733,652

As of 30 June 2022, the Group's capital comprises of 216,733,652 shares (31 December 2021: 216,733,652 shares). Nominal value of shares are TRY 1 per share (31 December 2021: TRY 1 per share). All shares issued were paid in cash.

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NOTE 12 - CAPITAL, RESERVES AND OTHER EQUITY ITEMS (Continued)

Reserves on retained earnings:

	30 June 2022	31 December 2021
Legal reserves	16,540,411	14,123,489
	16,540,411	14,123,489

As per Turkish Commercial Code (“TCC”), legal reserves will be generated by 5% of income until it reaches 20% of paid-in share capital of the Company. After the 5% of the dividend is paid to shareholders, 10% of the total amount to be distributed is set aside as other legal reserve.

Under the TCC, the legal reserves can be used only to offset losses, for the going concern of the company or to take measures to prevent or minimize consequences of unemployment as long as the amount does not exceed 50 percent of the paid-in capital.

Profit Distribution:

Publicly traded companies perform dividend distribution in accordance with Capital Markets Board’s Communiqué Serial II No: 19.1 “Share of Profit”, effective as of 1 February 2014.

Partnerships, distribute dividend with general assembly decision, within the context of profit distribution policies set by general assembly and related regulations. As part of the communiqué, no specific minimum distribution ratio is indicated. Companies pay dividend as defined in their articles of association or dividend distribution policies.

On 28 February 2022 the Company management decided to pay out dividends out of profit of year 2021. The amount of dividend TRY 11,494,822 (2021: TRY 7,974,127) paid out in 2022 per share is gross TRY 0.0530 (2021: TRY 0.0368) and net TRY 0.0477 (2021: TRY 0.0313).

Reacquired shares:

Shares the Company has purchased back within the scope of liquidity providing practiced in line with the CMB legislation. Company reacquires the shares over the market prices thereof traded in Borsa Istanbul on the date of transaction and recognized under "Reacquired shares" account to include amounts in excess of the nominal values of the reacquired shares.

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NOTE 13 - CONTRACT ASSETS AND LIABILITIES

	30 June 2022	31 December 2021
Costs related with ongoing works	871,355,087	451,222,791
Recognized profits less losses (net)	124,598,591	94,372,260
Minus: Accrued Progress Payments (-)	(190,835,873)	(333,854,517)
	805,117,805	211,740,534

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

NOTE 14 - REVENUE AND COST OF SALES

	1 January - 30 June 2022	1 April 30 June 2022	1 January - 30 June 2021	1 April 30 June 2021
Domestic Sales	3,387,331,596	1,897,416,521	1,581,154,425	818,416,989
Export Sales	652,479,904	309,592,939	404,324,143	219,040,783
Minus: Return on sales	(3,766,100)	(1,013,271)	(745,423)	(515,079)
Minus: Sales discounts	(672,686,319)	(326,616,851)	(664,694,082)	(290,440,565)
Net Revenue	3,363,359,081	1,879,379,338	1,320,039,063	746,502,128
Costs of sales	(3,009,430,969)	(1,661,606,487)	(1,191,004,051)	(671,182,550)
Gross profit	353,928,112	217,772,851	129,035,012	75,319,578

Statements regarding cost of sales for the period 1 January - 30 June 2022 and 2021 is as follows:

	1 January - 30 June 2022	1 April 30 June 2022	1 January - 30 June 2021	1 April 30 June 2021
Raw material and supply expenses	2,244,015,787	1,229,594,838	1,023,235,886	573,449,258
Cost of services sold	476,849,800	247,188,744	23,231,777	13,339,275
Cost of commercial goods sold	180,021,968	120,016,577	70,817,998	45,957,054
Production overheads	67,452,460	41,398,577	47,145,977	24,355,479
Labor costs	36,549,646	21,750,700	23,322,900	12,410,435
Amortization and depreciation costs	4,541,308	1,657,051	3,249,513	1,671,049
	3,009,430,969	1,661,606,487	1,191,004,051	671,182,550

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NOTE 15 - RESEARCH DEVELOPMENT, MARKETING, SALES, DISTRIBUTION AND GENERAL ADMINISTRATIVE EXPENSES

Research and development expenses:

	1 January - 30 June 2022	1 April- 30 June 2022	1 January – 30 June 2021	1 April-30 June 2021
Personnel expenses	2,566,405	1,128,890	1,433,625	722,960
Test, measurement and documentation expenses	1,504,267	742,135	1,115,489	637,075
Amortization and depreciation costs	2,386	1,193	2,386	1,434
Others	390,098	186,806	179,624	89,145
	4,463,156	2,059,024	2,731,124	1,450,614

Marketing, sales and distribution expenses:

	1 January - 30 June 2022	1 April- 30 June 2022	1 January – 30 June 2021	1 April-30 June 2021
Logistics expenses, commissions of sales, distribution and letter of guarantees	102,751,444	68,178,164	41,565,174	23,865,004
Personnel expenses	15,773,969	7,415,396	9,097,145	4,502,612
Amortization and depreciation costs	13,881	7,926	20,474	4,182
Outsourced service expenses	134,380	73,169	1,093	-
Others	4,397,523	2,386,090	2,637,963	1,038,498
	123,071,197	78,060,745	53,321,849	29,410,296

General administrative expenses:

	1 January - 30 June 2022	1 April- 30 June 2022	1 January – 30 June 2021	1 April-30 June 2021
License and service expenses	46,396,555	23,735,850	22,158,579	12,257,157
Personnel expenses	13,013,566	5,880,442	9,838,013	5,885,676
Amortization and depreciation costs	1,858,120	955,177	1,316,587	797,317
Consultancy expenses	988,301	793,620	486,613	233,142
Membership and grants	613,983	265,210	448,615	168,992
Insurance expenses	427,724	191,000	299,192	139,265
Outsourced service expenses	144,626	70,119	179,556	86,086
Others	9,534,483	6,933,511	2,900,482	355,245
	72,977,358	38,824,929	37,627,637	19,922,880

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NOTE 16 - OTHER REAL OPERATING INCOME/(EXPENSES)

Statements regarding other real operating income for the period 1 January - 30 June 2022 and 2021 is as follows:

	1 January - 30 June 2022	1 April- 30 June 2022	1 January – 30 June 2021	1 April-30 June 2021
Income realized from marketable derivative financial instruments	243,204,930	73,766,160	52,680,471	13,074,452
Exchange rate income from trade activities, net	-	-	11,887,731	3,931,442
Chargeout income	3,093,051	1,822,089	2,017,976	1,167,233
Delay interest income of trade receivables	2,085,018	490,524	546,796	500,043
Others	37,425,451	13,714,352	6,015,318	1,905,712
	285,808,450	89,793,125	73,148,292	20,578,882

Statements regarding other real operating expenses for the period 1 January - 30 June 2022 and 2021 is as follows:

	1 January - 30 June 2022	1 April- 30 June 2022	1 January – 30 June 2021	1 April-30 June 2021
Exchange rate expenses from trade activities, net	(157,642,151)	(67,212,454)	(56,148,702)	(21,759,690)
Expenses realized from marketable derivative financial instruments	(164,528,818)	(17,380,734)	(33,162,680)	(11,731,980)
Provision for doubtful trade receivables	(607,693)	(159,791)	(813,876)	(305,953)
Others	(5,959,007)	(2,090,762)	(1,423,700)	(654,433)
	(328,737,669)	(86,843,741)	(91,548,958)	(34,452,056)

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NOTE 17 - INCOME TAXES

Tax liabilities for the period profit as of 30 June 2022 and 31 December 2021 are as follows:

	30 June 2022	31 December 2021
Withholding paid for construction repair works extending to years	41,258,211	(29,072,932)
Bank withholdings	(58,974,957)	-
(Assets)/liabilities related to current period tax	(17,716,746)	(29,072,932)

Corporate tax rate in Turkey for the year 2022 is 25% (2021: 25%).

Tax reflected on profit and loss statement for the years ending on 30 June 2022 and 2021 are summarized below:

	1 January - 30 June 2022	1 April- 30 June 2022	1 January – 30 June 2021	1 April-30 June 2021
Tax expense for the current period	(41,258,211)	(13,218,073)	-	-
Deferred tax income/(expense)	39,002,391	8,988,490	4,694,162	(156,548)
Deferred tax income/(expense)	(2,255,820)	(4,229,583)	4,694,162	(156,548)

Tax expense for the current period shown on the statements of profit or loss and tax expense that will be calculated using the applicable tax rate over the profit before tax is reconciled as follows:

	1 January - 30 June 2022	1 January - 30 June 2021
Profit before tax	86,046,993	13,010,270
Applicable tax rate	25%	25%
Tax calculated acc. tax rate	(21,511,748)	(3,252,568)
Non-deductible expenses and addendums	(7,073,206)	(310,594)
Tax effect of current period loss	-	3,432,565
Reductions	22,870,051	5,391,175
Investment incentive allowance	3,548,922	-
Temporary differences with no deferred tax made	-	(337,127)
Others	(89,839)	(229,289)
Tax income/(expense)	(2,255,820)	4,694,162

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NOTE 17 - INCOME TAXES (Continued)

The details of accumulated temporary differences and deferred tax asset and liabilities according to tax rate are as follows

Deferred tax assets/(liabilities)	Total temp. dif.		Deferred tax assets/(liabilities)	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
Derivative instruments	29,175,360	113,812,719	(1,681,943)	(26,176,925)
Construction projects spread over years	(8,115,194)	35,423,081	1,866,495	(8,147,309)
Trade receivables	(5,580,376)	306,303	1,283,486	(70,450)
Provisions for litigation	(1,341,782)	(886,642)	308,610	203,928
Investment incentive allowance	-	(12,913,023)	-	2,969,995
Provision for accumulated leave	(18,525,259)	(16,887,549)	4,260,809	3,884,136
Provision for severance pay	(20,812,983)	(19,153,416)	4,162,597	3,830,683
Tangible and intangible non-current assets	(25,501,130)	(22,704,683)	5,100,226	4,578,790
Trade payables	(38,702,361)	(27,028,504)	9,675,590	6,216,556
Provisions	(103,114,159)	(42,239,353)	23,716,257	9,715,051
Inventory impairment	(38,688,728)	(58,650,971)	3,898,407	13,489,723
Others	(83,634,157)	(52,469,200)	9,001,477	12,067,916
Deferred tax assets/(liabilities), net			61,564,485	22,562,094

Statements regarding deferred tax assets for the period 1 January - 30 June 2022 and 2021 is as follows:

	2022	2021
1 January -	22,562,094	30,945,261
Recognized in statement of profit or loss	39,002,391	4,694,162
30 June	61,564,485	35,639,423

NOTE 18 - EARNINGS PER SHARE

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

	1 January - 30 June 2022	1 April - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2021
Net period profit attributable to the parent company shareholders	83,791,173	77,766,328	17,704,432	7,755,650
Weighted average number of ordinary shares outstanding	216,733,652	216,733,652	216,733,652	216,733,652
Earnings per share	0.3866	0.3588	0.0817	0.0358

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NOTE 19 - TRANSACTIONS BETWEEN RELATED PARTIES

Trade receivables from related parties:

Short term trade receivables from related parties are as follows:

	30 June 2022	31 December 2021
Prysmian Cavi e Sistemi Italia S.r.l.	63,523,650	67,504,916
Prysmian Group Norge AS	21,239,942	9,834,637
Draka Denmark Optical Cable AS	18,526,147	-
Prysmian Cabluri Si Sisteme S.	9,853,529	5,015,456
Prysmian Cables & Systems Limited	8,199,732	1,673,867
Prysmian Finland Oy	3,511,637	6,948,208
Prysmian MKM Magyar Kabel Muve	3,374,159	414,191
Draka Kabel Sverige AB	2,721,654	-
Draka Comteq UK Limited	1,942,561	1,903,620
Prysmian Australia Pty Ltd	1,686,835	710,828
Prysmian Group Baltics AS	1,521,847	17,469
Prysmian S.P.A.	1,334,686	1,994,391
Oman Cables Industry (SAOG)	481,910	1,094,578
Prysmian Spain, S.A.	217,544	6,568,037
Others	9,151,121	7,836,661
	147,286,954	111,516,859

Trade payables to related parties:

	30 June 2022	31 December 2021
Prysmian Cables and Systems OY/Finland	345,538,136	150,321,965
SILEC Cable, S.A.S.	-	82,725,240
Prysmian S.P.A.	112,759,331	72,637,278
Prysmian Cavi e Sistemi S.r.l	13,109,520	9,205,910
Prysmian Cavi e Sistemi Italia S.r.l.	8,661,971	15,405,525
Prysmian Kabel und Systeme GmbH	8,327,287	3,959,292
Draka Comteq Germany GmbH & Co. KG	-	115,736
Others	764,464	2,144,052
	489,160,709	336,514,998

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NOTE 19 - TRANSACTIONS BETWEEN RELATED PARTIES (Continued)

Goods sold to related parties:

	1 January - 30 June 2022	1 April - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2021
	Sales	Sales	Sales	Sales
Prysmian Cavie Sistemi Italia S.r.l.	125,985,260	68,132,993	63,401,217	33,082,691
Draka Denmark Optical Cable AS	40,845,496	20,237,938	-	-
Prysmian Group Norge AS	34,594,911	25,651,435	30,253,828	20,886,908
Prysmian Cabluri si Sisteme S.A.	19,913,787	11,234,930	9,925,391	4,460,138
Prysmian Finland Oy	13,473,051	3,597,883	-	-
Prysmian Cables & Systems Ltd.	10,855,011	7,403,646	14,581,920	6,610,404
LLC Rybinskelektrokabel	6,683,512	6,683,512	-	-
Draka Comteq UK Ltd	4,571,022	2,950,690	2,326,914	857,213
Draka Kabel Sverige AB	3,453,714	2,944,697	7,033,744	6,572,544
Oman Cables Industry SAOG	1,867,669	465,749	1,436,957	1,294,797
Singapore Cables Manufacturers Pte Ltd	509,515	128,043	12,353,318	7,248,999
Prysmian Hong Kong Holding Ltd	3,601	3,601	-	-
General Cable Peru S.A.C.	-	-	838,961	-
Others	12,433,717	6,376,539	23,411,339	7,152,572
	275,190,266	155,811,656	165,563,589	88,166,266

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NOTE 19 - TRANSACTIONS BETWEEN RELATED PARTIES (Continued)

Goods purchased from related parties:

	1 January - 30 June 2022	1 April - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2021
	Goods Purchased	Goods Purchased	Goods Purchased	Goods Purchased
Prysmian Finland Oy	263,496,938	148,599,090	3,078,498	3,078,498
Prysmian S.P.A.	102,732,526	41,918,962	108,438,496	57,744,242
Prysmian Cavi e Sistemi Italia S.r.l.	92,630,429	56,907,492	29,732,415	19,901,014
Prysmian Kabel und System GmbH	69,860,726	54,136,105	19,529,370	14,182,432
Draka Comteq UK Ltd	20,163,252	10,389,626	2,465,164	1,522,006
Oman Aluminium Processing Industrie	12,434,183	7,777,043	-	-
Prysmian Netherlands B.V.	11,940,449	11,940,449	4,011,054	704,383
Prysmian MKM Magyar Kabel Muve	7,851,147	7,851,147	29,040,457	23,055,852
Fibre Ottiche Sud - F.O.S. S.r.l.	4,686,474	2,310,295	622,453	622,453
Prysmian Cabluri Si Sisteme S.	3,760,134	1,198,676	-	-
Draka Comteq Germany GmbH	2,540,559	124,925	2,352,192	1,373,637
Draka Comteq Fibre BV	2,486,045	1,234,302	225,166	225,166
Oman Cables Industry (SAOG)	128,210	128,210	350,309	350,309
Others	16,943,768	5,184,796	6,449,964	4,018,564
	611,654,840	349,701,118	206,295,538	126,778,556

Services purchased from related parties:

	1 January - 30 June 2022	1 April - 30 June 2022	1 January - 30 June 2021	1 April - 30 June 2022
	Services Purchased	Services Purchased	Services Purchased	Services Purchased
Prysmian S.P.A	32,726,924	18,409,235	15,021,048	8,189,888
Prysmian Cavi e Sistemi S.r.l.	13,669,631	5,326,614	7,137,531	4,067,270
	46,396,555	23,735,849	22,158,579	12,257,158

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NOTE 19 - TRANSACTIONS BETWEEN RELATED PARTIES (Continued)

License expenses with related parties:

	<u>1 January - 30 June 2022</u>	<u>1 April - 30 June 2022</u>	<u>1 January - 30 June 2021</u>	<u>1 April - 30 June 2021</u>
Prysmian S.P.A	32,726,924	18,409,235	15,021,048	8,189,888
Prysmian Cavi e Sistemi S.r.l. L	13,669,631	5,326,614	7,137,531	4,067,270
	46,396,555	23,735,849	22,158,579	12,257,158

Cost of services purchased from the Group companies cover three types of service fee. These are;

TAF (Technical Assistance Fees) license agreement:

License fee is calculated as 1.25% on net production sales and invoiced by relevant companies.

SAG (Service Agreement) service agreement:

Share of expenses for all group companies in Prysmian Group Holding headquarters are invoiced based on various expense sharing criteria on company basis such as legal, sales support, R&D and consultancy.

IT (IT Service Agreement) information technologies service agreement:

All information technologies expenses made on behalf of group companies are calculated by the Prysmian Group Holding headquarters. Every group companies' share of expenses is determined according to certain expense-sharing criteria and are invoiced accordingly.

Fee for the IT service provided by Prysmian S.P.A. is related to the SAP system revised in the year 2011. This covers technical assistance, consultancy received and all expenses incurred in accordance with system revision.

The Group has announced to the stakeholders on 26 July 2019 that Prysmian Group central management reached the decision that on condition the promised three-year targets set as part of Prysmian Turkey R&D activities are achieved, the license rate of 2% would be revised as 1.25% (to be effective as from 1 January 2019). Afterwards another announcement has been made on 24 December 2019 and the it was announced that due to macroeconomic developments in Turkey in August Prysmian Group companies licensor Prysmian S.P.A, a Prysmian Group subsidiary, and service provider Prysmian Cavi e Sistemi Srl. have reached a set of decision in an effort to keep the costs relating to the above mentioned contracts at minimum.

- For the year 2021: At the end of each quarter, the quarterly average of the Turkish Central Bank "1 week repurchase" interest rate for the period ending will be taken and in the event that the average is 12% or above, all rights to receivables resulting from the relevant contracts will be waived.

Contracts shall stay in force with the same terms as of 1 January 2022.

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NOTE 19 - TRANSACTIONS BETWEEN RELATED PARTIES (Continued)

Benefits to senior management:

	1 January - 30 June 2022	1 January - 30 June 2021
Wages and other short term benefits	3,516,403	4,288,940
Others	2,754	4,606
	3,519,157	4,293,546

NOTE 20 - RIGHT-OF-USE ASSETS

	Buildings	Vehicles	Total
As of 1 January 2022	246,424	868,173	1,114,597
Introduction	-	4,714,821	4,714,821
Amortization cost (-)	(199,600)	(681,677)	(881,277)
As of 30 June 2022	46,824	4,901,317	4,948,141

	Buildings	Vehicles	Total
As of 1 January 2021	2,459,538	220,774	2,680,312
Introduction	-	1,118,826	1,118,826
Amortization cost (-)	(464,361)	(209,002)	(673,363)
As of 30 June 2021	1,995,177	1,130,598	3,125,775

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NOTE 21 - FOREIGN CURRENCY POSITIONS

	30 June 2022				31 December 2021			
	TRY equivalent (Functional currency - TRY)	USD	Euro	GBP	TRY equivalent (Functional currency - TRY)	USD	Euro	GBP
1. Trade receivables	834,787,915	33,950,833	14,758,512	506,666	423,703,893	18,681,701	12,246,867	83,077
2a. Monetary financial assets (including cash, bank)	296,406,564	6,872,427	10,353,177	-	319,476,314	5,676,521	16,741,877	-
2b. Non-monetary financial assets	-	-	-	-	-	-	-	-
3. Other	108,728,168	-	6,205,202	-	126,506,910	-	8,616,287	-
4. Current Assets (1+2+3)	1,239,922,647	40,823,260	31,316,891	528,425	869,687,117	24,358,222	37,605,031	83,077
5. Trade Receivables	-	-	-	-	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-	-	-	-	-
6b. Non-monetary financial assets	-	-	-	-	-	-	-	-
7. Other	-	-	-	-	-	-	-	-
8. Non-current Assets (5+6+7)	-	-	-	-	-	-	-	-
9. Total Assets (4+8)	1,239,922,647	40,823,260	31,316,891	528,425	869,687,117	24,358,222	37,605,031	-
10. Trade Payables	(876,932,666)	(29,518,089)	(21,853,152)	(19,927)	(1,151,817,705)	(49,433,088)	(34,614,861)	-
11. Financial Liabilities	-	-	-	-	-	-	-	-
12a. Other Monetary Liabilities	(434,790,529)	(11,777,140)	(13,565,473)	-	(614,964,409)	(6,818,436)	(35,782,566)	-
12b. Other Non-monetary Assets	-	-	-	-	-	-	-	-
13. Short-term Liabilities (10+11+12)	(1,311,723,195)	(41,295,229)	(35,418,625)	(19,927)	(1,766,782,114)	(56,251,524)	(70,397,427)	-
14. Trade Receivables	-	-	-	-	-	-	-	-
15. Financial Liabilities	-	-	-	-	-	-	-	-
16 a. Other Monetary Liabilities	-	-	-	-	-	-	-	-
Other Non-monetary Liabilities	-	-	-	-	-	-	-	-
17. Long-term Liabilities (14+15+16)	-	-	-	-	-	-	-	-
18. Total Liabilities (13+17+12)	(1,311,723,195)	(41,295,229)	(35,418,625)	(19,927)	(1,766,782,114)	(56,251,524)	(70,397,427)	-
19. Net asset/(liability) position of off Balance Sheet derivative instruments								
(19a-19b)	(69,867,801)	(2,610,000)	1,500,000	-	(743,676,485)	(35,300,000)	19,450,000	-
19.a. Asset Position of Off Balance Sheet Derivative Instruments								
Denominated in Foreign Currency	69,867,801	2,610,000	1,500,000	-	743,676,485	35,300,000	19,450,000	-
19.b. Liability Position of Off Balance Sheet Derivative Instruments								
Denominated in Foreign Currency	-	-	-	-	-	-	-	-
20. Net Foreign Currency Asset/(Liability) Position (9+18+19)	(1,932,747)	2,138,031	(2,601,734)	508,498	(153,418,512)	3,406,698	(13,342,396)	83,077
21. Monetary Items, Net Foreign Currency Asset/(Liability) Position (UFRS 7.B23) (=1+2a+5+6a+10+11+12a+14+15+16)	(180,528,716)	(471,969)	(10,306,936)	508,498	(1,023,601,907)	(31,893,302)	(41,408,683)	83,077
22. Fair value of the financial instruments used in foreign currency hedging	(69,867,801)	(2,610,000)	1,500,000	-	(743,676,485)	(35,300,000)	19,450,000	-
23. Hedged part of foreign currency assets**	-	-	-	-	-	-	-	-
24. Hedged part of foreign currency liabilities***	69,867,801	2,610,000	1,500,000	-	743,676,485	35,300,000	19,450,000	-
25. Total export	652,479,902	17,726,470	23,645,028	539,793	862,647,437	45,975,288	40,944,504	2,184,292
26. Total import	310,653,126	1,577,625	16,735,984	19,927	939,227,984	27,811,853	65,999,787	10,537

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NOTE 21 - FOREIGN CURRENCY POSITIONS (Continued)

Foreign currency sensitivity analysis table:

	30 June 2022	
	Profit/Loss Appreciation of foreign currency	Profit/Loss Depreciation of foreign currency
US Dollars exchange rate changes by 10%:		
US Dollar net asset/liability	(910,611)	910,611
Amount protected against US Dollar risk (-)	4,350,609	(4,350,609)
US Dollar net effect	3,439,998	(3,439,998)
Euro exchange rate changes by 10%:		
Euro net asset/liability	(7,300,398)	7,300,398
Amount protected against Euro (-)	2,637,473	(2,637,473)
Euro net effect	(4,662,925)	4,662,925
If other currencies change by 10% in average:		
Other foreign currency net asset/liability	1,029,652	(1,029,652)
Amount protected against other currency risk (-)	-	-
Other currency net effect	1,029,652	(1,029,652)
Total	(193,275)	193,275

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NOTE 21 - FOREIGN CURRENCY POSITIONS (Continued)

Foreign currency sensitivity analysis table:

	31 December 2021	
	Profit/Loss Appreciation of foreign currency	Profit/Loss Depreciation of foreign currency
US Dollars exchange rate changes by 10%:		
US Dollar net asset/liability	(41,521,161)	41,521,161
Amount protected against US Dollar risk (-)	45,810,575	(45,810,575)
US Dollar net effect	4,289,414	(4,289,414)
Euro exchange rate changes by 10%:		
Euro net asset/liability	(48,333,333)	48,333,333
Amount protected against Euro (-)	28,557,074	(28,557,074)
Euro net effect	(19,776,259)	19,776,259
If other currencies change by 10% in average:		
Other foreign currency net asset/liability	144,994	(144,994)
Amount protected against other currency risk (-)	-	-
Other currency net effect	144,994	(144,994)
Total	(15,341,851)	15,341,851

The Group values foreign currency assets using the “buying” rate and foreign currency liabilities using the “selling” rate.

NOTE 22 - FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND EXPLANATIONS ON HEDGE ACCOUNTING)

Classification of Financial Instruments

Group has classified its financial assets and liabilities under the categories of financial investments, credits and receivables. Financial assets of the Group in the form of cash and cash equivalents, trade receivables and other receivables are classified as credits and derivative instruments and are recognized at amortized cost using the effective interest method. Financial liabilities of the Group are comprised of financial liabilities, trade payables, derivative instruments payable and other payables and are classified as financial liabilities at amortized costs using effective interest rate method.

Fair value is the amount at which a financial instrument can be exchanged in a current transaction between voluntary parties, other than in a compulsory sale or liquidation, and can be best measured at best by using the quoted market price, if any.

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NOTE 22 - FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND EXPLANATIONS ON HEDGE ACCOUNTING) (Continued)

Classification of Financial Instruments (Continued)

Estimated fair value of financial assets is determined by the Company based on available market information and correct valuation methods. Application of judgment is inherent in interpreting the market data to determine estimated fair values. Accordingly estimations presented here may not be indicative of the values that the Group may realize in a current market transaction.

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

Financial assets

It is considered that fair value of balances denominated in foreign currency, which are converted using the foreign exchange rate at the end of the period, approximate their book value. Cash and cash equivalents are recognized at fair value. 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 recognized at their fair values.

Financial liabilities

Trade payables, payables to related parties and other monetary liabilities are estimated to be presented close to their fair values together with their amortized book values, and it is accepted that the fair values of the foreign currency balances converted using the year-end rates approximate their book values. Derivative instrument payables are recognized 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 steps described below:

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

TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş. AND SUBSIDIARIES

NOTES FOR SUMMARIZED CONSOLIDATED FINANCIAL STATEMENTS FOR THE INTERIM FISCAL PERIOD ENDING ON 30 JUNE 2022

(All amounts are expressed in Turkish Liras (TRY) unless stated otherwise.)

NOTE 22 - FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND EXPLANATIONS ON HEDGE ACCOUNTING) (Continued)

Table below shows the Group assets measured at fair value as of 30 June 2022 and 31 December 2021.

Financial assets/ liabilities	Fair Value		Fair Value level	Valuation technique
	30 June 2022	31 December 2021		
Foreign exchange forward contracts financial assets / (liabilities)	29,175,360	113,812,719	Level 2	Future cash flows predicted by using forward exchange rates (forward exchange rates observable at the end of term) and contract rates are discounted by using a rate which reflects credit risk of various parties.

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