

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

**CONVENIENCE TRANSLATION INTO ENGLISH OF  
THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
1 JANUARY - 31 MARCH 2023  
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT**

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

## CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY AND 31 MARCH 2023

CONTENTS	PAGES
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION.....	1-2
CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME .....	3
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY .....	4
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS .....	5
CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS.....	6-31
NOTE 1 ORGANISATION AND NATURE OF OPERATIONS .....	6
NOTE 2 BASIS OF PREPARATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS....	7-10
NOTE 3 CASH AND CASH EQUIVALENTS .....	11
NOTE 4 TRADE RECEIVABLES AND PAYABLES.....	12
NOTE 5 INVENTORIES .....	13
NOTE 6 PREPAID EXPENSES AND DEFERRED INCOME .....	13
NOTE 7 PROPERTY, PLANT AND EQUIPMENT .....	14-15
NOTE 8 INTANGIBLE ASSETS .....	15-16
NOTE 9 OTHER ASSETS AND LIABILITIES .....	16
NOTE 10 LIABILITIES.....	17
NOTE 11 CONTINGENT ASSETS AND LIABILITIES.....	18
NOTE 12 CAPITAL, RESERVES AND OTHER EQUITY COMPONENTS .....	19
NOTE 13 CONTRACTUAL ASSETS AND LIABILITIES.....	20
NOTE 14 REVENUE AND COST OF SALES .....	20
NOTE 15 RESEARCH AND DEVELOPMENT EXPENSES .....	21
NOTE 16 MARKETING EXPENSES, SELLING AND DISTRIBUTION EXPENSES, GENERAL ADMINISTRATIVE EXPENSES.....	21
NOTE 17 OTHER INCOME AND EXPENSES FROM OPERATING ACTIVITIES .....	22
NOTE 18 INCOME TAX.....	22-24
NOTE 19 EARNINGS PER SHARE .....	24
NOTE 20 RELATED PARTY DISCLOSURES .....	25-27
NOTE 21 FOREIGN CURRENCY POSITION .....	28-29
NOTE 22 FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND EXPLANATIONS IN THE FRAMEWORK OF HEDGE ACCOUNTING) .....	30-31

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

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AT 31 MARCH 2023 AND 2022**

(Amounts expressed in TRY unless otherwise indicated)

	Notes	Unaudited 31 March 2023	Audited 31 December 2022
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	288,269,622	280,398,600
Derivative instruments		-	625,544
Trade receivables		1,426,857,628	1,119,793,538
- <i>Due from related parties</i>	20	107,662,336	61,343,368
- <i>Due from third parties</i>	4	1,319,195,292	1,058,450,170
Other receivables		387,784	75,633
- <i>Due from third parties</i>		387,784	75,633
Contract assets		855,779,426	802,679,661
- <i>Contract assets arising from ongoing contracting business</i>	13	855,779,426	802,679,661
Inventories	5	872,768,965	767,961,699
Prepaid expenses	6	200,721,354	178,631,995
Current income tax assets	18	90,955,573	82,673,004
Other current assets	9	132,850,279	131,275,797
<b>TOTAL CURRENT ASSETS</b>		<b>3,868,590,631</b>	<b>3,364,115,471</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	88,536,892	89,720,494
Right of use assets		12,469,496	5,277,600
Intangible assets other than goodwill	8	1,379,302	1,516,939
Deferred tax assets	18	98,876,689	95,524,122
Other non-current assets	9	278,177,029	287,838,903
<b>TOTAL NON-CURRENT ASSETS</b>		<b>479,439,408</b>	<b>479,878,058</b>
<b>TOTAL ASSETS</b>		<b>4,348,030,039</b>	<b>3,843,993,529</b>

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

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

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AT 31 MARCH 2023 AND 2022**

(Amounts expressed in TRY unless otherwise indicated)

	Notes	Unaudited 31 March 2023	Audited 31 December 2022
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Short-term borrowings	10	70,030,044	70,000,000
Liabilities arising from leasing transactions	10	4,927,239	2,971,563
Derivative instruments	22	23,060,641	-
Trade payables		2,511,194,456	2,051,575,232
- Due to related parties	20	1,268,612,630	1,095,811,896
- Trade payables, third parties	4	1,242,581,826	955,763,336
Employee benefit obligations		30,444,394	11,223,800
Other payables		175,000,000	175,000,000
- Due to related parties		175,000,000	175,000,000
Contractual obligations		323,868,359	319,101,728
- Contractual obligations arising from ongoing contracting business	6	323,868,359	319,101,728
Deferred income (excluding contractual obligations)	6	235,498,975	203,940,904
Short-term provisions		296,166,104	308,903,340
- Short-term provisions for employee benefits		23,879,342	21,021,814
- Other short-term provisions		272,286,762	287,881,526
Other current liabilities	9	5,998,518	47,843,519
<b>Total Current Liabilities</b>		<b>3,676,188,730</b>	<b>3,190,560,086</b>
<b>Non-Current Liabilities:</b>			
Liabilities arising from leasing transactions	10	8,057,363	2,920,969
Long-term borrowings		20,277,417	45,685,891
- Long-term provisions for employee benefits		12,223,562	37,632,036
- Other long-term provisions		8,053,855	8,053,855
<b>Total Non-Current Liabilities</b>		<b>28,334,780</b>	<b>48,606,860</b>
<b>Total Liabilities</b>		<b>3,704,523,510</b>	<b>3,239,166,946</b>
<b>EQUITY</b>			
Paid in share capital		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)	(18,434,800)
- That will not be reclassified to profit or loss		(18,434,800)	(18,434,800)
Restricted reserves		16,540,411	16,540,411
Retained earnings		351,829,003	161,822,885
Net profit for the year		38,679,946	190,006,118
<b>Total Equity</b>		<b>643,506,529</b>	<b>604,826,583</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>4,348,030,039</b>	<b>3,843,993,529</b>

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

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

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME  
FOR THE YEARS ENDED 31 MARCH 2023 AND 2022**

(Amounts expressed in TRY unless otherwise indicated)

	Notes	Unaudited 1 January - 31 March 2023	Unaudited 1 January - 31 March 2022
Revenue	14	2,105,663,078	1,483,979,743
Cost of sales	14	(1,912,633,675)	(1,347,824,482)
<b>Gross Profit</b>		<b>193,029,403</b>	<b>136,155,261</b>
General administrative expenses (-)	16	(45,623,086)	(34,152,429)
Marketing selling and distribution expenses (-)	16	(61,105,039)	(45,010,452)
Research and development expenses (-)	15	(3,540,938)	(2,404,132)
Other operating income	17	2,820,876	196,015,325
Other operating expense (-)	17	(38,412,759)	(241,893,928)
<b>Operating Profit/(Loss)</b>		<b>47,168,457</b>	<b>8,709,645</b>
Income from investment activities		1,045,545	-
<b>Operating Profit</b>		<b>48,214,002</b>	<b>8,709,645</b>
Finance income		41,557,813	2,847,251
Finance expenses (-)		(54,444,436)	(7,505,814)
<b>Profit/(Loss) Before Taxation</b>		<b>35,327,379</b>	<b>4,051,082</b>
<b>Tax Income/(Expense)</b>		<b>3,352,567</b>	<b>1,973,763</b>
Taxation on expense	18	-	(28,040,138)
Deferred tax (income)/expense	18	3,352,567	30,013,901
<b>Net Profit/(Loss) for The Period</b>		<b>38,679,946</b>	<b>6,024,845</b>
Earnings per share		0,1785	0,0278
<b>OTHER COMPREHENSIVE INCOME</b>		<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>38,679,946</b>	<b>6,024,845</b>

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

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

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED 31 MARCH 2023 AND 2022**

(Amounts expressed in TRY unless otherwise indicated)

	Share capital	Repurchased shares (-)	Premiums/ discounts related to shares	Other retained earnings/(losses) that will not be reclassified to profit or loss	Restricted reserves	Retained earnings/(losses)	Net profit/(loss) for the year	Total equity
<b>Balances at 1 January 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						40,732,994	(40,732,994)	-
Net profit for the period							6,024,845	6,024,845
Total comprehensive income	-	-	-	-	-	-	6,024,845	6,024,845
<b>Balances at 31 March 2023</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>175,734,620</b>	<b>6,024,845</b>	<b>443,988,123</b>
<b>Balances at 1 January 2023</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>
Transfers						190,006,118	(190,006,118)	-
Net profit for the period							38,679,946	38,679,946
Total comprehensive income	-	-	-	-	-	-	38,679,946	38,679,946
<b>Balances at 31 March 2023</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>351,829,003</b>	<b>38,679,946</b>	<b>643,506,529</b>

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

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

## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 31 MARCH 2023 AND 2022

(Amounts expressed in TRY unless otherwise indicated)

	Notes	Unaudited 1 January - 31 March 2023	Unaudited 1 January - 31 March 2022
<b>Cash flows from operating activities</b>			
<b>Net profit/(loss) for the period (+/-)</b>		<b>38,679,946</b>	<b>6,024,845</b>
<b>Adjustments to reconcile the profit/(loss) for the period</b>			
Adjustments for tax expense (+/-)	18	(3,352,567)	(1,973,763)
Adjustments for financial expense		54,444,436	7,031,559
Adjustments for interest income (-)		(19,210,781)	(2,847,251)
Adjustments for decrease/(increase) in inventories (+/-)	5	(87,825,473)	(183,104,070)
Adjustments for decrease/(increase) in trade receivables (+/-)	4	(307,868,752)	(190,585,027)
Adjustments for decrease/(increase) in other receivables related to operations (+/-)		(312,151)	(55,411)
Adjustments for decrease/(increase) in contract assets (+/-)		(51,149,485)	(276,813,478)
Adjustments for increase/(decrease) in trade payables (+/-)	4	459,619,224	354,960,958
Adjustments for decrease/(increase) in other payables related to operations (+/-)		-	(143,769)
Adjustments for increase/(decrease) in contract liabilities (+/-)		36,324,702	36,145,571
Adjustments for depreciation and amortisation expense		4,610,821	3,794,348
Adjustments for impairment (reversal) (+/-)		(16,177,131)	(19,795,863)
Adjustments for provisions (+/-)		(38,145,710)	126,355,868
Other adjustments for non-cash items (+/-)		(86,867,196)	(90,282,321)
<b>Total adjustments related to net profit (loss) reconciliation for the period (+/-)</b>		<b>(55,910,063)</b>	<b>(237,312,649)</b>
<b>Cash flows from operating activities (+/-)</b>		<b>(17,230,117)</b>	<b>(231,287,804)</b>
Tax refunds (returns) (+/-)		(8,282,569)	(575,326)
<b>Net cash flow from operating activities (+/-)</b>		<b>(25,512,686)</b>	<b>(231,863,130)</b>
<b>Cash flows from investing activities</b>			
Cash outflows from the purchase of property, plant and equipment (-)	7	(1,779,916)	(1,320,155)
Interest received		19,210,781	2,847,251
<b>Net cash flow from investing activities (+/-)</b>		<b>17,430,865</b>	<b>1,527,096</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings	10	30,044	317,707,600
Cash outflows related to lease obligations (-)		(3,561,192)	(3,803,781)
Cash inflows from derivative instruments		-	106,499,924
Interest paid (-)		19,483,991	1,594,763
<b>Net cash flow from financing activities (+/-)</b>		<b>15,952,843</b>	<b>421,998,506</b>
<b>Net increase/(decrease) in cash and cash equivalents (+/-)</b>		<b>7,871,022</b>	<b>191,662,472</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>3</b>	<b>280,398,600</b>	<b>411,993,946</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>3</b>	<b>288,269,622</b>	<b>603,656,418</b>

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

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

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY – 31 MARCH 2023

(Amounts expressed in TRY unless otherwise indicated)

### 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 2019: 16.25%). The ultimate parent of the Group is Prysmian SpA, located in Italy.

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

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

The registered address of the Company in the commercial registry is Ömerbey Mahallesi, Bursa Asfaltı Caddesi, No:51, 16941, Mudanya, Bursa and registered on 20 December 2012 at Ömer Avni Mah. İnebolu Sok. Haktan İş Merkezi No:39 K:2 Setüstü Kabataş Beyoğlu Istanbul has its registered office in Istanbul. The average number of personnel employed by the Group in the period ending as of 31 March 2023 is 596 (31 December 2022: 598).

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



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

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY – 31 MARCH 2023

(Amounts expressed in TRY unless otherwise indicated)

---

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

#### 2.1 Basis of Presentation

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

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

The Group has prepared its condensed consolidated financial statements for the period ended March 31, 2023, within the framework of the CMB's Communiqué Serial: II, 14.1 and the announcements explaining this communiqué, in accordance with the TAS 34 “Interim Financial Reporting” standard. prepared accordingly. The interim condensed consolidated financial statements and footnotes are presented in accordance with the formats recommended by the CMB, including the mandatory information.

Businesses are free to prepare their interim consolidated financial statements as a full set or as a summary in accordance with TAS 34 standard. In this context, the company preferred to prepare condensed financial statements in the interim periods.

The interim condensed consolidated financial statements of the Group do not contain all the explanations and footnotes that are required to be included in the year-end consolidated financial statements. For this reason, it should be read together with the consolidated financial statements of the Group as of 31 December 2021.

#### *Functional and reporting currency*

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

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

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

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.

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

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY – 31 MARCH 2023

(Amounts expressed in TRY unless otherwise indicated)

---

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

#### 2.1 Basis of Presentation (Continued)

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

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

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

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

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

#### 2.2 Changes in accounting policies

The accounting policies used in the preparation of the consolidated financial statements for the accounting period 1 January - 31 March 2023 have been applied in a consistent manner with the consolidated financial statements prepared as of 31 December 2022.

#### 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 Summary of significant accounting policies

Condensed consolidated financial statements for the interim period ending on 31 March 2023 are prepared in accordance with the TAS 34 standard regarding preparation of interim period financial statements. Significant accounting policies applied when preparing interim period condensed consolidated financial statements are consistent with those applied for the annual consolidated financial statements for the fiscal period 1 January-31 December 2022. Interim period summarized consolidated financial statements for the interim period 1 January - 31 March 2023 should be evaluated together with the annual consolidated financial statements statements for the fiscal period 1 January - 31 December 2022.

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

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY – 31 MARCH 2023

(Amounts expressed in TRY unless otherwise indicated)

---

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

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

The Group continued to predicate the assumptions explained in the notes of the consolidated financial statement dated 31 December 2022 on the assumptions taken as basis for the fiscal period ending on 31 March 2023.

#### 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 31 March 2023 may not serve as an indicator for the yearround.

#### 2.7 Significant changes in the current period

The Public Oversight Authority made a statement on the Implementation of Financial Reporting in High Inflation Economies under TFRS on 20 January 2022, and it was stated that there was no need to make any adjustments within the scope of TAS 29 Financial Reporting in Hyperinflationary Economies in the consolidated financial statements for 2022. As of the preparation date of these condensed consolidated financial statements, no new disclosure has been made by POA within the scope of IAS 29, and no inflation adjustment has been made in accordance with IAS 29 while preparing the condensed consolidated financial statements dated 31 March 2023.

#### 2.8 Amendments in Turkish Financial Reporting Standards

##### *a. Standards, amendments, and interpretations applicable as of 31 March 2023:*

- **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.
- **IFRS 17, ‘Insurance Contracts’;** effective from annual periods beginning on or after 1 January 2023. This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

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

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY – 31 MARCH 2023**

(Amounts expressed in TRY unless otherwise indicated)

---

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

**2.8 Significant accounting estimates, assumptions and judgments (Continued)**

*b) Standards, amendments, and interpretations that are issued but not effective as of 31 March 2023*

- **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.
- **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.

**TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş. AND SUBSIDIARIES**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JANUARY – 31 MARCH 2023**

(Amounts expressed in TRY unless otherwise indicated)

**NOTE 3 - CASH AND CASH EQUIVALENTS**

	<b>31 March 2023</b>	<b>31 December 2022</b>
Cash	3,328	5,723
Bank	114,144,218	108,963,028
- <i>Time deposit</i>	113,871,730	53,730,992
- <i>Demand deposit</i>	272,488	55,232,036
Cheques and notes	38,396,672	45,064,032
Credit card receivables	135,725,404	126,365,817
	<b>288,269,622</b>	<b>280,398,600</b>

The Group's time deposits are in TRY and Euro with average maturities less than one week and annual weighted average effective interest rates are 27,5% and 1,10% respectively. (31 December 2022: Time deposits are in TRY and Euro and overnight weighted average effective interest rates are 23% and 2.50%, 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 March 2023, the Group has blocked deposits for POS receivables amounting to TRY135,725,404 (31 December 2022: TRY126,365,817).

**TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş. AND SUBSIDIARIES**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JANUARY – 31 MARCH 2023**

(Amounts expressed in TRY unless otherwise indicated)

**NOTE 4 - TRADE RECEIVABLES AND PAYABLES**

<b>Short-term trade receivables</b>	<b>31 March 2023</b>	<b>31 December 2022</b>
Trade receivables	1,023,805,578	873,533,475
Notes receivables	404,089,068	292,811,387
Trade receivables from related parties	107,662,336	61,343,368
Less: Provision for impairment	(108,699,354)	(107,894,692)
	<b>1,426,857,628</b>	<b>1,119,793,538</b>

The average maturity period of the Group's trade receivables is 3 months (31 December 2022: 3 months). The carrying value of trade receivables approximates their fair value. Details of trade receivable balances in foreign currency are shown in Note 21.

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

	<b>2023</b>	<b>2022</b>
<b>1 January</b>	<b>(107,894,692)</b>	<b>(104,200,346)</b>
Provisions no longer required	(804,662)	(447,902)
<b>31 March</b>	<b>(108,699,354)</b>	<b>(104,648,248)</b>

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

<b>Short-term trade payables</b>	<b>31 March 2023</b>	<b>31 December 2022</b>
Trade payables to related parties	1,268,612,630	1,095,811,896
Trade payables	1,214,923,519	902,150,825
Expense accruals	27,658,307	53,612,511
	<b>2,511,194,456</b>	<b>2,051,575,232</b>

Average payment term of the Group's trade payables is 3 months (31 December 2022: 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 March 2023, the Group has commercial debt of (USD303,750 with letter of credit (31 December 2022: TRY2,271,843 (USD121,500))).

**TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş. AND SUBSIDIARIES**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JANUARY – 31 MARCH 2023**

(Amounts expressed in TRY unless otherwise indicated)

**NOTE 5 - INVENTORIES**

	<b>31 March 2023</b>	<b>31 December 2022</b>
Raw materials	246,343,786	222,188,525
Semi products	167,599,060	128,830,692
Finished product	304,973,099	370,305,109
Trade goods	165,097,100	74,863,246
Less: Provision for inventory impairment	(11,244,080)	(28,225,873)
	<b>872,768,965</b>	<b>767,961,699</b>

The movement of the inventory depreciation for the interim accounting periods ending on 30 March 2023 and 2022 is as follows:

	<b>2023</b>	<b>2022</b>
<b>1 January</b>	<b>(28,225,873)</b>	<b>(46,711,181)</b>
Provisions no longer required	16,981,793	19,795,863
<b>31 March</b>	<b>(11,244,080)</b>	<b>(26,915,318)</b>

In the accounting period of 1 January - 31 March 2023, the cost of first materials and materials associated with the cost of sales is TRY1,493,976,323 (30 March 2022: TRY1,014,420,949) (Note 14).

**NOTE 6 - PREPAID EXPENSES AND DEFERRED TAX**

<b>Short-term prepaid expenses</b>	<b>31 March 2023</b>	<b>31 December 2022</b>
Order advances for projects (*)	170,051,877	154,780,524
Expenses for incoming months (**)	30,669,477	23,851,471
	<b>200,721,354</b>	<b>178,631,995</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>Short-term contractual obligations and deferred income</b>	<b>31 March 2023</b>	<b>31 December 2022</b>
Contractual obligations (*)	323,868,359	319,101,728
Order advances received (except for contractual obligations)	235,498,975	203,940,904
	<b>559,367,334</b>	<b>523,042,632</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.

**TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş. AND SUBSIDIARIES****NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY – 31 MARCH 2023**

(Amounts expressed in TRY unless otherwise indicated)

**NOTE 7 - PROPERTY, PLANT AND EQUIPMENT**

	<b>1 January 2023</b>	<b>Additions</b>	<b>Disposals</b>	<b>31 March 2023</b>
<b>Cost</b>				
Land	3,164,360	-	-	3,164,360
Buildings	63,418,014	-	-	63,418,014
Machinery and equipment	274,396,595	-	-	274,396,595
Vehicles, floors and fixtures	39,487,367	-	(227,079)	39,260,288
Specific costs	77,543	-	-	77,543
Ongoing investments	53,604	1,779,916	-	1,833,520
	<b>380,597,483</b>	<b>1,779,916</b>	<b>(227,079)</b>	<b>382,150,320</b>
<b>Less: Accumulated depreciation</b>				
Buildings (-)	(34,645,162)	(327,618)	-	(34,972,780)
Machinery and equipment (-)	(224,552,515)	(1,798,004)	-	(226,350,519)
Vehicles, floors and fixtures (-)	(31,601,769)	(837,896)	227,079	(32,212,586)
Specific costs (-)	(77,543)	-	-	(77,543)
	<b>(290,876,989)</b>	<b>(2,963,518)</b>	<b>227,079</b>	<b>(293,613,428)</b>
<b>Net book value</b>	<b>89,720,494</b>			<b>88,536,892</b>

As of 31 March 2023, the Group has depreciation and amortization expenses amounting to TRY4,610,821, TRY2,963,518 for tangible assets, TRY1,509,666 for right-of-use assets and TRY137,637 for intangible assets. TRY2,680,880 of the aforementioned current period depreciation and amortization expenses is reflected to the cost of sales, TRY1,902,440 to general administrative expenses, TRY26,308 to marketing expenses and TRY1,193 to research and development expenses. As of 31 March 2023, there is no pledge or mortgage on tangible assets.



**TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş. AND SUBSIDIARIES**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JANUARY – 31 MARCH 2023**

(Amounts expressed in TRY unless otherwise indicated)

**NOTE 7 - PROPERTY, PLANT AND EQUIPMENT (Continued)**

	1 January 2022	Additions	31 March 2022
<b>Cost</b>			
Land	3,164,360	-	3,164,360
Buildings	63,141,631	-	63,141,631
Machinery and equipment	261,622,065	-	261,622,065
Vehicles, floors and fixtures	35,348,507	-	35,348,507
Specific costs	77,543	-	77,543
Ongoing investments	53,604	1,320,155	1,373,759
	<b>363,407,710</b>	<b>1,320,155</b>	<b>364,727,865</b>
<b>Less: Accumulated depreciation</b>			
Buildings (-)	(33,344,630)	(323,934)	(33,668,564)
Machinery and equipment (-)	(218,241,369)	(1,595,875)	(219,837,244)
Vehicles, floors and fixtures (-)	(29,347,395)	(696,737)	(30,044,132)
Specific costs (-)	(77,543)	-	(77,543)
	<b>(281,010,937)</b>	<b>(2,616,546)</b>	<b>(283,627,483)</b>
<b>Net book value</b>	<b>82,396,773</b>		<b>81,100,382</b>

As of 31 March 2022, the Group has depreciation expenses amounting to TRY3,794,348, of which TRY2,616,546 for tangible assets, TRY1,024,799 for right-of-use assets and TRY153,003 for intangible assets. TRY2,884,257 of the aforementioned current period depreciation and amortization expenses is reflected to the cost of sales, TRY902,943 to general administrative expenses, TRY5,955 to marketing expenses and TRY1,193 to research and development expenses. As of 31 March 2023, there is no pledge or mortgage on tangible assets.

**NOTE 8 - INTANGIBLE ASSETS**

	1 January 2023	Additions	31 March 2023
<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 (-)	(2,395,078)	(137,637)	(2,532,715)
	<b>(2,395,078)</b>	<b>(137,637)</b>	<b>(2,532,715)</b>
<b>Net book value</b>	<b>1,516,939</b>		<b>1,379,302</b>

**TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş. AND SUBSIDIARIES**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JANUARY – 31 MARCH 2023**

(Amounts expressed in TRY unless otherwise indicated)

**NOTE 8 - INTANGIBLE ASSETS (Continued)**

	1 January 2022	Additions	31 March 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)	(153,003)	(1,944,014)
	<b>(1,791,011)</b>	<b>(153,003)</b>	<b>(1,944,014)</b>
<b>Net book value</b>	<b>2,121,006</b>		<b>1,968,003</b>

**NOTE 9 - OTHER ASSETS AND LIABILITIES**

	31 March 2023	31 December 2022
<b>Other current assets</b>		
Transferred VAT (*)	120,184,067	81,680,198
Receivables from tax office (**)	12,666,212	49,595,599
	<b>132,850,279</b>	<b>131,275,797</b>

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

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

	31 March 2023	31 December 2022
<b>Other non-current assets</b>		
Deferred VAT (*)	278,177,029	287,838,903
	<b>278,177,029</b>	<b>287,838,903</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 March 2023	31 December 2022
<b>Other short-term current liabilities</b>		
Taxes and funds payable	5,730,682	47,575,683
Other	267,836	267,836
	<b>5,998,518</b>	<b>47,843,519</b>

**TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş. AND SUBSIDIARIES**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JANUARY – 31 MARCH 2023**

(Amounts expressed in TRY unless otherwise indicated)

**NOTE 10 - BORROWINGS**

<b>Short-term borrowings</b>	<b>31 March 2023</b>	<b>31 December 2022</b>
Short-term borrowings	70,030,044	70,000,000
Liabilities arising from lease transactions	4,927,239	2,971,563
	<b>74,957,283</b>	<b>72,971,563</b>

As of 31 March 2023 and 31 December 2022 the carrying value of short-term bank loans approximates their fair value.

**Long-term borrowings**

Long-term borrowings	8,057,363	2,920,969
	<b>8,057,363</b>	<b>2,920,969</b>

Details of the Group's bank loans and financial payables are as follows:

**31 March 2023**

<b>Currency</b>	<b>Maturity</b>	<b>Effective interest rate (%)</b>	<b>Short-term</b>	<b>Long-term</b>
TRY	1 year	14.3	70,030,044	-
			<b>70,030,044</b>	<b>-</b>

**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	14.3	70,000,000	-
			<b>70,000,000</b>	<b>-</b>

The movement table of financial borrowings is as follows:

	<b>31 March 2023</b>	<b>31 December 2022</b>
1 year	70,030,044	70,000,000
	<b>70,030,044</b>	<b>70,000,000</b>

**TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş. AND SUBSIDIARIES**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JANUARY – 31 MARCH 2023**  
(Amounts expressed in TRY unless otherwise indicated)

---

**NOTE 11 - CONTINGENT ASSETS AND LIABILITIES**

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

	<b>31 March 2023</b>	<b>31 December 2022</b>
A. Total amount of CPM given for the Group's own legal personality	592,185,515	607,502,211
B. Total amount of CPM given on behalf of fully consolidated companies	1,312,373,573	1,224,495,154
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 Group has not given any other guarantee, pledge and mortgage (31 December 2022: 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.

**TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş. AND SUBSIDIARIES**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JANUARY – 31 MARCH 2023**

(Amounts expressed in TRY unless otherwise indicated)

**NOTE 12 - SHARE CAPITAL, RESERVES AND OTHER EQUITY COMPONENTS**

	31 March 2023		31 December 2022	
	Share ratio (%)	Amount	Share ratio (%)	Amount
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 March 2023, the Group's capital consists of 216.733.652 shares (31 December 2022: 216.733.652 shares). The nominal value of the shares is TRY1 per share (31 December 2022: TRY1 per share). All issued shares were paid in cash.

Restricted reserves:

	31 March 2023	31 December 2022
Legal reserves	16,540,411	16,540,411
	<b>16,540,411</b>	<b>16,540,411</b>

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

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

Distribution of dividend:

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

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

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

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

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY – 31 MARCH 2023

(Amounts expressed in TRY unless otherwise indicated)

### NOTE 13 - CONTRACTUAL ASSETS AND LIABILITIES

	31 March 2023	31 December 2022
Costs on work-in-progress	2,343,781,790	1,650,488,677
Recognized profits less/losses (net)	358,264,948	221,193,092
Minus: Realized progress payments (-)	(1,846,267,312)	(1,069,002,108)
	855,779,426	802,679,661

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. The Group has signed the relevant contracts, which constitute the majority of the mentioned construction works, on 30 September 2021 for Çanakkale Strait Lapseki3 Sütluce3 Lot1 and İzmit Gulf Hersek-Dilovası Lot2 projects. The income and expenses calculated according to the completion percentage related to the mentioned construction works are reflected in the interim condensed financial statements with 48% and 62% completion percentages, respectively, as of the current period.

### NOTE 14 - REVENUE AND COST OF SALES

	1 January - 31 March 2023	1 January - 31 March 2022
Domestic sales	2,513,261,724	1,489,915,075
Export sales	404,455,129	342,886,965
Sales returns (-)	(990,393)	(2,752,829)
Sales discounts (-)	(811,063,382)	(346,069,468)
<b>Net sales</b>	<b>2,105,663,078</b>	<b>1,483,979,743</b>
<b>Cost of sales (-)</b>	<b>(1,912,633,675)</b>	<b>(1,347,824,482)</b>
<b>Gross profit from operations</b>	<b>193,029,403</b>	<b>136,155,261</b>

The breakdown of cost of sales is as follows:

	1 January - 31 March 2023	1 January - 31 March 2022
Raw material expenses	1,493,976,323	1,014,420,949
Cost of merchandise sold	163,200,568	60,005,391
Cost of service sold	138,842,990	229,661,056
General production expense	80,022,103	26,053,883
Personnel expenses	33,910,811	14,798,946
Depreciation and amortization expenses	2,680,880	2,884,257
	1,912,633,675	1,347,824,482

**TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş. AND SUBSIDIARIES**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JANUARY – 31 MARCH 2023**

(Amounts expressed in TRY unless otherwise indicated)

**NOTE 15 - RESEARCH AND DEVELOPMENT EXPENSES**

	<b>1 January - 31 March 2023</b>	<b>1 January - 31 March 2022</b>
<b>Research and development expenses:</b>		
Personnel expenses	2,060,380	1,437,515
Test, measurement and document expenses	1,013,534	762,132
Depreciation and amortization	1,193	1,193
Other	465,831	203,292
	<b>3,540,938</b>	<b>2,404,132</b>

**NOTE 16 - MARKETING EXPENSES, SELLING AND DISTRIBUTION EXPENSES  
GENERAL ADMINISTRATIVE EXPENSES**

	<b>1 January - 31 March 2023</b>	<b>1 January - 31 March 2022</b>
<b>Marketing, selling and distribution expenses</b>		
Logistics expenses, sales, distribution and letter of guarantee commissions	44,498,436	34,573,280
Personnel expenses	12,362,920	8,358,573
External service expenses	43,935	61,211
Depreciation and amortization	26,308	5,955
Other	4,173,440	2,011,433
	<b>61,105,039</b>	<b>45,010,452</b>

	<b>1 January - 31 March 2023</b>	<b>1 January - 31 March 2022</b>
<b>General administrative expenses:</b>		
License and service expenses	24,351,711	22,660,705
Personnel expenses	10,356,193	7,133,124
Depreciation and amortization	1,902,440	902,943
Consultancy expenses	917,968	194,681
Insurance expense	665,054	236,724
Donations and membership dues	501,506	348,773
External service expenses	220,679	74,507
Other	6,707,535	2,600,972
	<b>45,623,086</b>	<b>34,152,429</b>

**TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş. AND SUBSIDIARIES**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JANUARY – 31 MARCH 2023**

(Amounts expressed in TRY unless otherwise indicated)

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

Details of other income from main operations are as follows:

	<b>1 January - 31 March 2023</b>	<b>1 January - 31 March 2022</b>
Cost reflection revenues	1,792,411	1,270,962
Interest income of trade receivables	36,616	1,594,494
Realized income from derivative financial instruments held for trading	-	169,438,770
Other	991,849	23,711,099
	<b>2,820,876</b>	<b>196,015,325</b>

Details of other expense from main operations are as follows:

	<b>1 January - 31 March 2023</b>	<b>1 January - 31 March 2022</b>
Realized expenses from derivative financial instruments held	(19,344,062)	(106,499,924)
Foreign exchange loss from commercial activities, net	(14,698,987)	(90,429,697)
Realized expenses from derivative financial instruments held for trading	-	(40,648,160)
Doubtful receivables provision expenses	-	(447,902)
Other	(4,369,710)	(3,868,245)
	<b>(38,412,759)</b>	<b>(241,893,928)</b>

**NOTE 18 - INCOME TAXES**

The income tax payable as of 30 March 2023 and 31 December 2022 is summarized below:

	<b>31 March 2023</b>	<b>31 December 2022</b>
Tax income/(expense)	-	90,070,950
Prepaid taxes and funds (-)	(90,955,573)	(172,743,954)
<b>Period Profit Tax Asset</b>	<b>(90,955,573)</b>	<b>(82,673,004)</b>

In Turkey, the corporation tax rate is 20% for 2023 (2022: 23%). 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.



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

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY – 31 MARCH 2023

(Amounts expressed in TRY unless otherwise indicated)

### NOTE 18 - INCOME TAXES (Continued)

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.

Companies calculate temporary tax at the rate of 25% (2022:23%) on their quarterly financial profits and declare it until the 14th day of the second month following that period and pay it until the evening of the 17th day. The temporary tax paid during the year belongs to that year and is deducted from the corporate tax to be calculated over the corporate tax return to be submitted in the following year. If the amount of temporary tax paid remains despite the deduction, this amount can be refunded in cash or set off against any other financial debt to the state. 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 March 2023 and 2022, tax expense in the profit or loss comprised the following:

	<b>1 January - 31 March 2023</b>	<b>1 January - 31 March 2022</b>
Corporate tax expense current period	-	(28,040,138)
Deferred tax assets/(liabilities)	3,352,567	30,013,901
<b>Total tax income/(expense)</b>	<b>3,352,567</b>	<b>1,973,763</b>

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

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY – 31 MARCH 2023**

(Amounts expressed in TRY unless otherwise indicated)

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

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

	Cumulative temporary differences		Deferred income tax assets/(liabilities)	
	31 March 2023	31 December 2022	31 March 2023	31 December 2022
<b>Deferred tax assets/(liabilities)</b>				
Inventory impairment	15,552,574	18,757,840	(3,577,092)	(4,314,303)
Year-round construction projects	14,347,024	(75,630,835)	(3,299,816)	17,395,092
Trade receivables	9,250,604	6,093,370	(2,127,639)	(1,401,475)
Litigation	(2,331,254)	(2,331,254)	536,188	536,188
Provision for severance pay	(12,223,562)	(37,632,036)	2,441,114	7,523,921
Investment incentive discount	(20,620,427)	(20,620,427)	4,742,698	4,742,698
Derivative instruments	(23,060,641)	625,544	5,303,947	(143,875)
Unused leave allowances	(23,879,342)	(21,021,814)	5,492,249	4,835,017
Tangible and intangible assets	(30,554,158)	(24,093,760)	6,269,405	4,856,605
Provisions	(65,822,272)	(97,646,054)	15,139,123	22,458,592
Trade payables	(105,827,222)	(105,330,953)	24,340,261	24,226,119
Financial losses	(175,129,288)	-	40,279,736	-
Other	(16,682,575)	(64,389,317)	3,336,515	14,809,543
<b>Deferred tax assets/(liabilities), net</b>			<b>98,876,689</b>	<b>95,524,122</b>

Movements of deferred tax assets and liabilities as follows:

	2023	2022
<b>1 January</b>	<b>95,524,122</b>	<b>22,562,094</b>
Associated with the profit or loss	3,352,567	30,013,901
<b>31 March</b>	<b>98,876,689</b>	<b>52,575,995</b>

**NOTE 19 - EARNINGS PER SHARE**

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

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 March 2023	31 December 2022
Net profit per share of the parent	38,679,946	190,006,118
Weighted average number of ordinary shares issued	216,733,652	216,733,652
<b>Earnings per share</b>	<b>0,1785</b>	<b>0,8767</b>
<b>Loss/gain per share</b>	<b>0,1785</b>	<b>0,8767</b>

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

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY – 31 MARCH 2023

(Amounts expressed in TRY unless otherwise indicated)

### NOTE 20 - RELATED PARTY DISCLOSURES

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

	<b>31 March 2023</b>	<b>31 December 2022</b>
	<b>Trade receivables</b>	<b>Trade receivables</b>
Prysmian Group Norge AS	24,843,957	17,963,356
Prysmian Kabel und Sistema GmbH	23,408,593	2,994,112
Prysmian Cavi e Sistemi Italia S.r.l.	14,678,056	13,757,592
Oman Cables Industry (SAOG)	13,045,550	8,498,213
Prysmian Spain, S.A.	7,278,922	448,105
LLC Rybinskelektrokabel	5,803,007	4,638,975
Prysmian Cables & Systems Limited	4,888,672	251,294
Prysmian Cables et Systèmes Fr	4,476,215	203,267
Prysmian Cabluri Si Sisteme S.	3,056,168	1,636,960
Prysmian Finland Oy	1,693,738	3,040,350
Draka Comteq UK Limited	1,275,905	887,780
Prysmian S.P.A.	942,110	1,819,423
Prysmian MKM Magyar Kabel Muve	61,620	3,192,573
Prysmian Australia Pty Ltd	17,981	836,794
Other	2,191,842	1,174,574
	<b>107,662,336</b>	<b>61,343,368</b>

	<b>31 March 2023</b>		<b>31 December 2022</b>	
	<b>Trade payables</b>	<b>Other payables</b>	<b>Trade payables</b>	<b>Other payables</b>
Prysmian Cables and Systems				
OY/Finland	659,677,538	-	632,175,674	-
Prysmian S.P.A.	447,110,361	-	361,495,678	-
Prysmian Kabel und Systeme GmbH	37,841,297	-	52,638,798	-
Prysmian Cavi e Sistemi Italia S.r.l.	37,187,313	-	18,443,823	-
Prysmian Wuxi Cable Company Lt	20,607,865	-	15,065,869	-
Prysmian MKM Magyar Kabel Muve	18,445,875	-	5,173,031	-
Prysmian Netherlands B.V.	10,465,216	-	4,705,860	-
Draka Kabely SRO	8,739,085	-	893,611	-
Draka Comteq UK Limited	6,704,719	-	73,655	-
Prysmian Communications Cables	6,427,150	-	3,542,865	-
Oman Aluminium Processing Industrie	6,013,472	-	-	-
Prysmian Cables et Systèmes Fr	557,443	-	-	-
Draka Holding BV (*)	-	175,000,000	-	175,000,000
Other	8,835,296	-	1,603,032	-
	<b>1,268,612,630</b>	<b>175,000,000</b>	<b>1,095,811,896</b>	<b>175,000,000</b>

(\*) It consists of short-term financial debts that the Group receives from its partners for its operational activities. As of 31 March 2023, 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 SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY – 31 MARCH 2023

(Amounts expressed in TRY unless otherwise indicated)

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

Sales transactions with related parties are as follows:

	<b>1 January - 31 March 2023</b>	<b>1 January - 31 March 2022</b>
	<b>Sales</b>	<b>Sales</b>
Prysmian Kabel und Systeme GmbH	33,683,047	549,003
Prysmian Group Norge AS	33,028,264	8,943,476
Prysmian Cavi e Sistemi Italia S.R.L	14,258,136	57,852,267
Oman Cables Industry SAOG	12,101,228	1,401,920
Draka Denmark Optical Cable AS	7,571,676	20,607,558
Prysmian Spain, S.A.	7,065,174	34,071
LLC Rybinskelektrokabel	5,666,702	3,025,472
Prysmian Cables & Systems Ltd.	4,762,331	3,451,365
Prysmian Finland Oy	4,254,774	9,875,168
Prysmian Cables et Systemes France SAS	4,223,223	644,862
Draka Comteq UK Ltd	3,380,337	1,620,332
Prysmian Cabluri si Sisteme S.A.	3,188,707	8,678,857
Singapore Cables Manufacturers Pte Ltd	3,102,788	381,472
Draka Kabel Sverige AB	-	509,017
Other	2,815,952	1,803,770
	<b>139,102,339</b>	<b>119,378,610</b>

Purchase transactions with related parties are as follows:

	<b>1 January - 31 March 2023</b>	<b>1 January - 31 March 2022</b>
Prysmian Spa	140,186,910	60,813,564
Prysmian Kabel und Systeme GmbH	104,620,757	15,724,621
Prysmian MKM Magyar Kabel Muve	33,475,816	-
Prysmian Cavi e Sistemi Italia S.R.L	29,046,753	35,722,937
Prysmian Wuxi Cable Company Lt	20,699,096	-
Draka Comteq UK Ltd	19,979,477	9,773,626
Prysmian Cables & Systems Ltd.	16,996,119	3,851,200
Draka Kabel Sverige AB	8,493,253	-
Prysmian Cabluri si Sisteme S.A.	7,429,625	2,561,458
Oman Aluminium Processing Industrie	6,434,796	4,657,140
General Cable Industries, Inc.	3,710,935	-
Prysmian Spain, S.A.	2,254,244	-
Silec Cable, S.A.S.	1,747,026	48,403,951
Prysmian Netherlands B.V.	803,834	-
Fibre Ottiche Sud - F.O.S. S.r	602,661	2,376,179
Prysmian Finland Oy	267,014	114,897,848
Draka Comteq Fibre BV	-	1,251,743
Other	10,821,653	8,053,911
	<b>407,569,969</b>	<b>308,088,178</b>

**TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş. AND SUBSIDIARIES**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JANUARY – 31 MARCH 2023**

(Amounts expressed in TRY unless otherwise indicated)

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

**Benefits provided to senior executives are as follows:**

	<b>1 January - 31 March 2023</b>	<b>1 January - 31 March 2022</b>
Payments and other short-term benefits	4,332,325	1,698,803
Other	68,252	9,249
	<b>4,400,577</b>	<b>1,708,052</b>

Service purchases made with related parties are as follows:

	<b>1 January - 31 March 2023</b>	<b>1 January - 31 March 2022</b>
Prysmian S.P.A.	19,102,390	14,317,689
Prysmian Cavi e Sistemi S.r.l.	5,249,321	3,070,261
	<b>24,351,711</b>	<b>22,660.706</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 SUBSIDIARIES**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 1 JANUARY – 31 MARCH 2023**

**NOTE 21 - FOREIGN CURRENCY POSITION**

	31 March 2023				31 December 2022			
	TRY Equivalent	USD	EUR	GBP	TRY Equivalent	USD	EUR	GBP
1. Trade Receivables	611,484,899	19,218,323	11,707,034	-	571,103,388	13,430,905	16,050,660	-
2a. Monetary Financial Assets (including cash bank accounts)	75,636,740	191,991	3,459,309	-	70,929,685	1,120,846	2,506,748	-
2b. Non-monetary Financial Assets	-	-	-	-	-	-	-	-
3. Other	110,202,057	-	5,297,641	-	119,322,773	-	5,985,622	-
<b>4. Current Assets (1+2+3)</b>	<b>797,323,696</b>	<b>19,410,314</b>	<b>20,463,984</b>	-	<b>761,355,846</b>	<b>14,551,751</b>	<b>24,543,030</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>9. Total Assets (4+8)</b>	<b>797,323,696</b>	<b>19,410,314</b>	<b>20,463,984</b>	-	<b>761,355,846</b>	<b>14,551,751</b>	<b>24,543,030</b>	-
10. Trade Receivables	(570,659,969)	(2,987,056)	(24,634,208)	-	(585,591,437)	(3,441,938)	(26,092,567)	(1,222)
11. Financial Liabilities	-	-	-	-	-	-	-	-
12a. Other Monetary Liabilities	(571,300,905)	(8,752,423)	(19,358,440)	(160)	(533,250,183)	(7,612,391)	(19,561,123)	(160)
12b. Other Non-monetary Liabilities	(865,108,395)	-	(41,512,716)	-	(706,249,106)	-	(35,364,086)	-
<b>13. Short-term Liabilities (10+11+12)</b>	<b>(2,007,069,268)</b>	<b>(11,739,479)</b>	<b>(85,505,364)</b>	<b>(160)</b>	<b>(1,825,090,726)</b>	<b>(11,054,329)</b>	<b>(81,017,776)</b>	<b>(1,382)</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>18. Total Liabilities (13+17)</b>	<b>(2,007,069,268)</b>	<b>(11,739,479)</b>	<b>(85,505,364)</b>	<b>(160)</b>	<b>(1,825,090,726)</b>	<b>(11,054,329)</b>	<b>(81,017,776)</b>	<b>(1,382)</b>
<b>19. Net Asset/(Liability) Position of the Off-Balance Sheet</b>								
<b>Foreign Exchange Based Derivatives (19a-19b)</b>	<b>542,997,720</b>	<b>5,400,000</b>	<b>21,124,000</b>	-	<b>484,146,863</b>	<b>4,700,000</b>	<b>19,870,000</b>	-
19. a. The Amount of the Asset Type Off Balance	542,997,720	5,400,000	21,124,000	-	484,146,863	4,700,000	19,870,000	-
19. b. The Amount of the Liability Type Off Balance	-	-	-	-	-	-	-	-
<b>20. Net Foreign Exchange Asset/(Liability) Position (9+18+19)</b>	<b>(666,747,852)</b>	<b>13,070,835</b>	<b>(43,917,380)</b>	<b>(160)</b>	<b>(579,588,017)</b>	<b>8,197,422</b>	<b>(36,604,746)</b>	<b>(1,382)</b>
<b>21. Net Foreign Currency Asset/ (Liability) Position of (UFRS 7.B23) (=1+2a+5+6a+10+11+12a+14+15+16)</b>	<b>(454,839,234)</b>	<b>7,670,835</b>	<b>(28,826,305)</b>	<b>(160)</b>	<b>(476,808,547)</b>	<b>3,497,422</b>	<b>(27,096,282)</b>	<b>(1,382)</b>
<b>22. Total Fair Value of Financial Instruments Used for -</b>								
<b>Foreign Currency Hedging</b>	<b>542,997,720</b>	<b>5,400,000</b>	<b>21,124,000</b>	-	<b>484,146,863</b>	<b>4,700,000</b>	<b>19,870,000</b>	-
23. Hedged Foreign Exchange Assets	-	-	-	-	-	-	-	-
24. Hedged Foreign Exchange Liabilities	542,997,720	5,400,000	21,124,000	-	484,146,863	4,700,000	19,870,000	-
25. Export	404,455,129	969,649	18,651,847	-	1,282,933,618	33,460,609	42,352,157	789,290
26. Import	384,749,573	11,866,049	7,984,623.	-	524,846,976	363,229	26,531,539	-

**TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş. AND SUBSIDIARIES**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 1 JANUARY – 31 MARCH 2023**

---

**NOTE 21 - FOREIGN CURRENCY POSITION (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 March 2023</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	15,289,955	(15,289,955)
<b>USD net effect</b>	<b>15,289,955</b>	<b>(15,289,955)</b>
<b>10% change in EUR against TRY:</b>		
EUR net assets/liabilities	(60,770,754)	60,770,754
<b>EUR net effect</b>	<b>(60,770,754)</b>	<b>60,770,754</b>
<b>10% change in Others average 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>(45,483,923)</b>	<b>45,483,923</b>

<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>Table of Sensitivity Analysis for Foreign Currency Risk:</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 average 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>

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 SUBSIDIARIES**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 1 JANUARY – 31 MARCH 2023**

---

**NOTE 22 - FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND EXPLANATIONS IN THE FRAMEWORK OF HEDGE ACCOUNTING)**

**Classification of financial instruments**

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

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

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

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

**Financial assets**

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

**Financial liabilities**

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

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

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



**TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş. AND SUBSIDIARIES**  
**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 1 JANUARY – 31 MARCH 2023**

**NOT 22 - FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND EXPLANATIONS IN THE FRAMEWORK OF HEDGE ACCOUNTING)**  
**(Continued)**

The table below consists of the Group's assets calculated at fair value as of 31 March 2023 and 31 December 2022.

Financial assets / liabilities	Reasonable value		Reasonable value level	Valuation Technique
	31 March 2023	31 December 2022		
Financial assets/ (liabilities) from foreign currency forward contracts	(23,060,641)	625,544	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.

.....