TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş.
AND SUBSIDIARIES

CONVENIENCE TRANSLATION INTO ENGLISH OF
THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
AT 1 JANUARY - 30 SEPTEMBER 2023
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

(ORIGINALLY ISSUED IN TURKISH)

CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş. AND SUBSIDIARIES

CONDENSED CSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY AND 30 SEPTEMBER 2023

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CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AT 30 SEPTEMBER 2023 AND 2022

(Amounts expressed in TRY unless otherwise indicated)

	Notes	Unaudited 30 September 2023	Audited 31 December 2022
ASSETS			
Current assets			
Cash and cash equivalents	3	647,374,628	280,398,600
Derivative instruments		-	625,544
Financial investments		60,356,200	-
Trade receivables		2,688,297,288	1,119,793,538
- Due from related parties	*24*	*279,036,064*	*61,343,368*
- Due from third parties	*4*	*2,409,261,224*	*1,058,450,170*
Other receivables		2,112,559	75,633
- Due from third parties	*5*	*2,112,559*	*75,633*
Contract assets		-	802,679,661
- Contract assets arising from ongoing contracting business		-	*802,679,661*
Inventories	6	1,201,552,710	767,961,699
Prepaid expenses	7	141,451,147	178,631,995
Current income tax assets	22	282,637,245	82,673,004
Other current assets	11	235,200,203	131,275,797
Total current assets		**5,258,981,980**	**3,364,115,471**
Non-current assets			
Property, plant and equipment	8	91,635,042	89,720,494
Right of use assets	10	18,533,826	5,277,600
Intangible assets other than goodwill	9	1,104,026	1,516,939
Prepaid expenses	7	1,200,000	-
Deferred tax assets	22	41,354,293	95,524,122
Other non-current assets	11	364,650,407	287,838,903
Total non-current assets		**518,477,594**	**479,878,058**
Total assets		**5,777,459,574**	**3,843,993,529**

TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AT 30 SEPTEMBER 2023 AND 2022

(Amounts expressed in TRY unless otherwise indicated)

	Notes	Unaudited 30 September 2023	Audited 31 December 2022
LIABILITIES			
Current Liabilities			
Short-term borrowings	11	421,066,608	70,000,000
Short-term portion of long-term borrowings	11	7,106,431	2,971,563
Derivative instruments		43,955,355	-
Trade payables		3,610,857,408	2,051,575,232
- Due to related parties	*21*	*1,610,572,006*	*1,095,811,896*
- Trade payables, third parties	*4*	*2,000,285,402*	*955,763,336*
Employee benefit obligations		22,952,928	11,223,800
Other payables		175,000,000	175,000,000
- Due to related parties	*21*	*175,000,000*	*175,000,000*
Contract liabilities		163,336,627	319,101,728
- Contract liabilities arising from ongoing contracting business		*163,336,627*	*319,101,728*
Deferred income (excluding contractual obligations)	7	273,682,137	203,940,904
Short-term provisions		275,397,650	308,903,340
- Short-term provisions for employee benefits		*19,376,473*	*21,021,814*
- Other short-term provisions		*256,021,177*	*287,881,526*
Other current liabilities	10	75,191,465	47,843,519
Total Current Liabilities		**5,068,546,609**	**3,190,560,086**
Non-Current Liabilities			
Liabilities arising from leasing transactions	11	10,652,182	2,920,969
Long-term borrowings		17,362,822	45,685,891
- Long-term provisions for employee benefits		*9,308,967*	*37,632,036*
- Other long-term provisions		*8,053,855*	*8,053,855*
Total Non-Current Liabilities		**28,015,004**	**48,606,860**
Total Liabilities		**5,096,561,613**	**3,239,166,946**
EQUITY		**680,897,961**	**604,826,583**
Paid in share capital	12	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		22,761,411	16,540,411
Retained earnings		329,064,450	161,822,885
Net profit for the year		92,614,931	190,006,118
Total Equity		**680,897,961**	**604,826,583**
Total Liabilities and Equity		**5,777,459,574**	**3,843,993,529**

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

CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEARS ENDED 30 SEPTEMBER 2023 AND 2022

(Amounts expressed in TRY unless otherwise indicated)

	Notes	Unaudited 1 January - 30 September 2023	Unaudited 1 January - 30 September 2022	Unaudited 1 July - 30 September 2023	Unaudited 1 July - 30 September 2022
Revenue	17	7,332,730,265	5,382,353,036	2,964,272,557	2,018,993,955
Cost of sales (-)	17	(6,365,915,504)	(4,806,680,234)	(2,526,136,117)	(1,797,249,265)
Gross profit/(loss)		**966,814,761**	**575,672,802**	**438,136,440**	**221,744,690**
General administrative expenses(-)	19	(186,226,085)	(120,264,246)	(81,144,123)	(47,286,888)
Marketing selling and distribution expenses(-)	19	(335,807,568)	(202,642,643)	(156,439,282)	(79,571,446)
Research and development expenses(-)	18	(10,045,193)	(6,867,633)	(3,983,251)	(2,404,477)
Other operating income	20	435,755,534	345,313,034	222,614,483	59,504,584
Other operating expenses(-)	20	(544,482,131)	(366,711,951)	(189,669,862)	(37,974,282)
Operating profit/(loss)		**326,009,318**	**224,499,363**	**229,514,405**	**114,012,181**
Income from investment activities		1,045,545	-	-	-
Operating profit/(loss) before financial income/(expense)		**327,054,863**	**224,499,363**	**229,514,405**	**114,012,181**
Financial income		152,170,690	10,859,922	10,635,661	5,837,458
Finance expenses (-)		(317,400,376)	(65,563,982)	(51,359,316)	(36,101,329)
Profit/(loss) before taxation		**161,825,177**	**169,795,303**	**188,790,750**	**83,748,310**
Tax Income/(Expense)		**(69,210,246)**	**(22,987,669)**	**(51,637,992)**	**(20,731,849)**
Taxation on expense	22	(15,040,417)	(86,399,029)	-	(45,140,818)
Deferred tax (income)/expense	22	(54,169,829)	63,411,360	(51,637,992)	24,408,969
Net profit/(loss) for the period		**92,614,931**	**146,807,634**	**137,152,758**	**63,016,461**
Earnings per share		0,4273	0,0958	0,6328	(0,2908)
Other comprehensive income		-	-	-	-
Total comprehensive income		**92,614,931**	**146,807,634**	**137,152,758**	**63,016,461**

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

CONVENIENCE TRANSLATION OF FINANCIAL STATEMENTS
ORIGINALLY ISSUED IN TURKISH

TÜRK PRYSMIAN KABLO VE SİSTEMLERİ A.Ş. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED 30 SEPTEMBER 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
Balances at 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	-	-	-	-	-	-	146,807,634	146,807,634
Dividends	-	-	-	-	-	(11,494,813)	-	(11,494,813)
Balances at 30 September 2022	**216,733,652**	**(2,496,301)**	**40,654,618**	**(6,786,800)**	**16,540,411**	**161,822,885**	**146,807,634**	**573,276,099**
Balances at 1 January 2023	**216,733,652**	**(2,496,301)**	**40,654,618**	**(18,434,800)**	**16,540,411**	**161,822,885**	**190,006,118**	**604,826,583**
Transfers	-	-	-	-	6,221,000	183,785,118	(190,006,118)	-
Total comprehensive income	-	-	-	-	-	-	92,614,931	92,614,931
Dividends	-	-	-	-	-	(16,543,553)	-	(16,543,553)
Balances at 30 September 2023	**216,733,652**	**(2,496,301)**	**40,654,618**	**(18,434,800)**	**22,761,411**	**329,064,450**	**92,614,931**	**680,897,961**

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

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED 30 SEPTEMBER 2023 AND 2022

(Amounts expressed in TRY unless otherwise indicated)

	Notes	Unaudited 1 January - 30 September 2023	Unaudited 1 January - 30 September 2022
Cash flows from operating activities			
Net profit/(loss) for the period (+/-)		**92,614,931**	**146,807,634**
Adjustments to reconcile the profit/(loss) for the period			
Adjustments for tax expense (+/-)	22	69,210,246	22,987,669
Adjustments for financial expense		120,708,686	48,592,193
Adjustments for interest income (-)		(49,138,422)	(10,859,922)
Adjustments for unrealized foreign exchange gains (+/-)		196,691,690	-
Adjustments for decrease/(increase) in inventories (+/-)		(425,271,115)	(221,679,378)
Adjustments for decrease/(increase) in trade receivables (+/-)		(1,568,503,750)	(817,136,932)
Adjustments for decrease/(increase) in other receivables related to operations (+/-)		(145,591,988)	(15,480,516)
Adjustments for decrease/(increase) in contract assets (+/-)		797,080,196	(621,501,751)
Adjustments for increase/(decrease) in trade payables (+/-)		1,559,282,176	814,648,317
Adjustments for decrease/(increase) in other payables related to operations (+/-)		39,077,074	174,515,568
Adjustments for increase/(decrease) in contract liabilities (+/-)		(86,023,868)	132,159,275
Adjustments for depreciation and amortisation expense		13,482,023	9,466,411
Adjustments for impairment (reversal) (+/-)		(8,319,896)	15,307,557
Adjustments for provisions (+/-)		(61,828,759)	280,036,305
Adjustments for fair value gains/(losses) (+/-)		(32,205,574)	-
Other adjustments for non-cash items (+/-)		43,955,355	(195,491,255)
Adjustments of gains on disposal of tangible and intangible assets		(1,045,545)	-
Total adjustments related to net profit (loss) reconciliation for the period (+/-)		**461,558,529**	**(384,436,459)**
Cash flows from operating activities (+/-)		**554,173,460**	**(237,628,825)**
Tax refunds (returns) (+/-)	22	(215,004,658)	(74,858,448)
Other cash outflows /(inflows) (+/-)		-	37,951
Net cash flow from operating activities (+/-)		**339,168,802**	**(312,449,322)**
Cash flows from investing activities			
Cash inflows from the sale of property, plant and equipment		1,045,545	-
Cash outflows from the purchase of property, plant and equipment (-)	8	(10,744,294)	(4,278,408)
Advances and debts given to other parties (-)		(1,200,000)	-
Interest received		49,138,422	10,859,922
Other cash inflows (outflows) (+/-)		(60,356,200)	(3,812,033)
Net cash flow from investing activities (+/-)		**(22,116,527)**	**2,769,481**
Cash flows from financing activities			
Proceeds from borrowings	12	210,309,070	454,968,180
Repayments of borrowings (-)	12	(70,000,000)	(232,707,600)
Cash inflows from derivative instruments		32,831,118	132,874,126
Dividends paid (-)	15	(16,543,553)	(11,494,813)
Interest paid (-)		(106,672,882)	(25,499,799)
Net cash flow from financing activities (+/-)		**49,923,753**	**318,140,094**
Net increase/(decrease) in cash and cash equivalents (+/-)		**366,976,028**	**8,460,253**
Cash and cash equivalents at the beginning of the period	**3**	**280,398,600**	**411,993,946**
Cash and cash equivalents at the end of the period	**3**	**647,374,628**	**420,454,199**

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

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 2022 16.25%). The ultimate parent of the Group is Prysmian SpA, located in Italy.

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

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

The registered address of the Company in the commercial registry is Ömerbey Mahallesi, Bursa Asfaltı Caddesi, No:51, 16941, Mudanya, Bursa and registered on 20 December 2012 at Ömer Avni Mah. İnebolu Sok. Haktan İş Merkezi No:39 K:2 Setüstü Kabataş Beyoğlu Istanbul has its registered office in Istanbul. The average number of personnel employed by the Group in the period ending as of 30 September 2023 is 597 (31 December 2022: 598).

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

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

NOTE 2 - BASIS OF PRESENTATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of presentation

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

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

The Company prepared the condensed consolidated financial statements for the interim fiscal period ending on 30 September 2023 in accordance with the CMB's communiqués with Serial: II, No. 14.1 and announcements made to clarify this communiqué, and based on the principle of going concern according to TAS 34 "Interim Period Financial Reporting" standard. Condensed consolidated financial statements for the interim period and notes thereof are presented in the formats recommended by the CMB and by including all mandatory information.

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

Condensed consolidated financial statements of the Group include all explanations and notes required to be included in the year-end consolidated financial statements. Therefore the statements for the interim period must be read together with the consolidated financial statements dated 31 December 2022.

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.

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 September 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 30 September 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 - 30 September 2023 should be evaluated together with the annual consolidated financial statements for the fiscal period 1 January-31 December 2022.

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 30 September 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 30 September 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 IAS 29 Financial Reporting in Hyperinflationary Economies in the consolidated financial statements for 2021. As of the preparation date of these condensed consolidated financial statements, no new disclosure has been made by POA within the scope of IAS 29, and no inflation adjustment has been made in accordance with IAS 29 while preparing the condensed consolidated financial statements dated 30 September 2023.

2.8 Amendments in Turkish Financial Reporting Standards

a. Standards, amendments, and interpretations applicable as of 30 September 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.

- **Amendment to IAS 12 - International tax reform - pillar two model rules;** The deferred tax exemption and disclosure of the fact that the exception has been applied, is effective immediately. The other disclosure requirements are effective annual periods beginning on or after 1 January 2023. These amendments give companies temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development's (OECD) international tax reform. The amendments also introduce targeted disclosure requirements for affected companies.

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

2.8 Amendments in Turkish Financial Reporting Standards (Continued)

The above standards and interpretations do not have a significant impact on the Group's consolidated financial statements.

b. Standards, amendments, and interpretations that are issued but not effective as of 30 September 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.

- **Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements;** effective from annual periods beginning on or after 1 January 2024. These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.

- **IFRS S1, 'General requirements for disclosure of sustainability-related financial information;** effective from annual periods beginning on or after 1 January 2024. This is subject to endorsement of the standards by local jurisdictions. This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain

- **IFRS S2, 'Climate-related disclosures'**; effective from annual periods beginning on or after 1 January 2024. This is subject to endorsement of the standards by local jurisdictions. This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.

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

NOTE 3 - CASH AND CASH EQUIVALENTS

	30 September 2023	31 December 2022
Cash	1,961	5,723
Bank	477,500,332	108,963,028
- Time deposit	*459,950,441*	*53,730,992*
- Demand deposit	*17,549,891*	*55,232,036*
Cheques and notes	84,131,640	45,064,032
Credit card receivables	85,740,695	126,365,817
	647,374,628	**280,398,600**

The Group's time deposits are in TRY, Euro and USD with average maturities less than one week and annual weighted average effective interest rates are 37%, 1,50% and 1,50%, respectively (31 December 2022: Time deposits are in TRY, Euro and USD and overnight weighted average effective interest rates are 23%, 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 30 September 2023 and 31 December 2022, the Group has blocked deposits for POS receivables amounting to TRY85,740,695 (31 December 2022: TRY126,365,817).

Details with respect to the foreign currency cash and cash equivalents are explained in Note 25.

NOTE 4 - TRADE RECEIVABLES AND PAYABLES

Short-term trade receivables	**30 September 2023**	**31 December 2022**
Trade receivables and income accruals	1,985,024,679	873,533,475
Checks and promissory notes received	532,131,237	292,811,387
Trade receivables from related parties	279,036,064	61,343,368
Less: Provision for impairment	(107,894,692)	(107,894,692)
	2,688,297,288	**1,119,793,538**

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 25.

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

	1 January-30 September 2023	**1 January-30 September 2022**
1 January	**(107,894,692)**	**(104,200,346)**
Provisions made during the period	-	1,627,915
30 September	**(107,894,692)**	**(102,572,431)**

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

Short-term trade payables	**30 September 2023**	**31 December 2022**
Trade payables	1,936,158,570	902,150,825
Trade payables to related parties	1,610,572,006	1,095,811,896
Expense accruals (*)	64,126,832	53,612,511
	3,610,857,408	**2,051,575,232**

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

Average payment term of the Group's trade payables is 3 months (31 December 2022: 3 months). The carrying value of trade receivables approximates their amortized costs.

NOTE 5 - OTHER RECEIVABLES AND PAYABLES

Other short-term receivables	**30 September 2023**	**31 December 2022**
Other receivables from third parties	2,112,559	75,633
	2,112,559	**75,633**

Other short-term payables	**30 September 2023**	**31 December 2022**
Other payables to related parties	175,000,000	175,000,000
	175,000,000	**175,000,000**

NOTE 6 - INVENTORIES

	30 September 2023	**31 December 2022**
Raw materials	288,231,225	222,188,525
Semi products	285,930,251	128,830,692
Finished product	454,580,638	370,305,109
Trade goods	192,716,573	74,863,246
Less: Provision for inventory impairment	(19,905,977)	(28,225,873)
	1,201,552,710	**767,961,699**

In the accounting period of 30 September 2023 and 2022, the cost of first materials and materials associated with the cost of sales is TRY4,409,101,368 (30 September 2022: TRY3,488,288,277) (Note 17).

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

	2023	**2022**
1 January	**(28,225,873)**	**(46,711,181)**
Increase during the period	-	(15,307,557)
Provision no longer required	8,319,896	-
30 September	**(19,905,977)**	**(62,018,738)**

NOTE 7 - PREPAID EXPENSES, DEFERRED TAX AND OTHER SHORT-TERM PROVISIONS

a) Short-term prepaid expenses	30 September 2023	31 December 2022
Order advances for projects (*)	132,047,111	154,780,524
Expenses for incoming months	9,404,036	23,851,471
	141,451,147	**178,631,995**

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

b) Long-term prepaid expenses	30 September 2023	31 December 2022
Expenses for incoming years	1,200,000	-
	1,200,000	**-**

c) Short-term contractual obligations and deferred income	30 September 2023	31 December 2022
Order advances received (except for contractual obligations)	273,682,137	203,940,904
Contractual obligations (*)	163,336,627	319,101,728
	437,018,764	**523,042,632**

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

d) Other short-term provisions	30 September 2023	31 December 2022
Various provisions for ongoing projects (*)	120,335,927	152,560,135
Expense accruals related to overseas service agreements	33,503,806	40,713,765
Provisions for maintenance and repair expenses	28,039,782	34,727,227
Provision for copper incentive	13,115,878	13,110,660
Provisions for commission expenses	7,646,605	8,188,364
Other	53,379,179	38,581,375
	256,021,177	**287,881,526**

(*) Provisions arising from the purchase agreements made by the Group for the projects that are at the order stage. The Group has signed the relevant contract, which constitutes the majority of the said construction works, in 2021 for Çanakkale Strait Lapseki 3 Sütlüce 3 Lot1, İzmit Gulf Hersek-Dilovası_Lot 2. The related amount consists of the purchase provisions it has allocated for the mentioned projects.

NOTE 8 - PROPERTY, PLANT AND EQUIPMENT

	1 January 2023	Additions	Disposals	30 September 2023
Cost				
Land	3,164,360	-	-	3,164,360
Buildings	63,418,014	-	-	63,418,014
Machinery and equipment	274,396,595	2,035,432	-	276,432,027
Vehicles, floors and fixtures	39,487,367	211,580	(227,079)	39,471,868
Specific costs	77,543	-	-	77,543
Construction in progress	53,604	8,497,282	-	8,550,886
	380,597,483	**10,744,294**	**(227,079)**	**391,114,698**
Less: Accumulated depreciation				
Buildings (-)	(34,645,162)	(982,855)	-	(35,628,017)
Machinery and equipment (-)	(224,552,515)	(5,367,810)	-	(229,920,325)
Vehicles, floors and fixtures (-)	(31,601,769)	(2,479,081)	227,079	(33,853,771)
Specific costs (-)	(77,543)	-	-	(77,543)
	(290,876,989)	**(8,829,746)**	**227,079**	**(299,479,656)**
Net book value	**89,720,494**			**91,635,042**

As of 30 September 2023, the Group has depreciation and amortization expenses amounting to TRY13,482,023, TRY8,829,746 for tangible assets, TRY4,239,364 for right-of-use assets and TRY412,913 for intangible assets. TRY8,862,058 of the aforementioned current period depreciation and amortization expenses is reflected to the cost of sales, TRY4,543,696 to general administrative expenses, TRY73,413 to marketing expenses and TRY2,856 to research and development expenses.

As of 30 September 2023, there is no pledge or mortgage on tangible assets (31 December 2022: None).

NOTE 8 - PROPERTY, PLANT AND EQUIPMENT (Continued)

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

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

NOTE 9 - INTANGIBLE ASSETS

	1 January 2023	Additions	30 September 2023
Cost			
Rights	3,912,017	-	3,912,017
	3,912,017	**-**	**3,912,017**
Accumulated amortisation			
Rights (-)	(2,395,078)	(412,913)	(2,807,991)
	(2,395,078)	**(412,913)**	**(2,807,991)**
Net book value	**1,516,939**		**1,104,026**

	1 January 2022	Additions	30 September 2022
Cost			
Rights	3,912,017	-	3,912,017
	3,912,017	**-**	**3,912,017**
Accumulated amortisation			
Rights (-)	(1,791,011)	(459,009)	(2,250,020)
	(1,791,011)	**(459,009)**	**(2,250,020)**
Net book value	**2,121,006**		**1,661,997**

NOTE 10 – RIGHT OF USE ASSETS

	Buildings	Vehicles, floors and fixtures	Total
1 January 2023	**332,746**	**4,944,854**	**5,277,600**
Additions	8,305,030	9,190,560	17,495,590
Disposals	(3,023,106)	(76,162)	(3,099,269)
Depreciation expense	(1,108,702)	(3,130,662)	(4,239,364)
Depreciation disposals	3,023,106	76,162	3,099,269
30 September 2023	**7,529,074**	**11,004,752**	**18,533,826**

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

NOTE 11 - OTHER ASSETS AND LIABILITIES

Other current assets	**30 September 2023**	**31 December 2022**
Transferred VAT (*)	203,315,716	81,680,198
Receivables from tax office (**)	33,475,637	49,595,599
Other	(1,591,150)	-
	235,200,203	**131,275,797**

(*) 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.

Other non-current assets	**30 September 2023**	**31 December 2022**
Deferred VAT (*)	364,650,407	287,838,903
	364,650,407	**287,838,903**

Other short-term current liabilities	**30 September 2023**	**31 December 2022**
Taxes and funds payable	74,923,629	47,575,683
Other	267,836	267,836
	75,191,465	**47,843,519**

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

NOTE 12 - BORROWINGS

Short-term borrowings	**30 September 2023**	**31 December 2022**
Short-term bank borrowings	421,066,608	70,000,000
Liabilities arising from lease transactions	7,106,431	2,971,563
	428,173,039	**72,971,563**

Carrying amount of the short-term bank loans is considered to approximate to their fair values as of 30 September 2023 and 31 December 2022.

As of 30 September 2023, the fixed rate loans are in Euro and the interest rate per annum ("p.a.") is 8.42% and of 27.08% p.a. fixed interest rate loans in TRY (31 December 2022: consists of 13.70% p.a. fixed interest rate loans in TRY).

Long-term borrowings	**30 September 2023**	**31 December 2022**
Liabilities arising from lease transactions	10,652,182	2,920,969
	10,652,182	**2,920,969**

Details with respect to the foreign currency borrowings are explained in Note 25.

The details of the loans for the period 30 September 2023 and 31 December 2022 are as follows:

30 September 2023

Currency	**Maturity**	**Effective interest rate (%)**	**Short-term**	**Long-term**
TRY	3-12 months	27.08	121,612,934	-
EUR	3-12 months	8.42	299,453,674	-
			421,066,608	**-**

The details of the bank loans for the period 30 September 2023 and 31 December 2022 are as follows:

	2023	**2022**
1 January	**70,000,000**	-
New financial debts received	210,309,070	454,968,180
Principal payments	(70,000,000)	(232,707,600)
Exchange rate differences	196,691,690	-
Change in interest accruals	14,065,848	20,200,259
30 September	**421,066,608**	**242,460,839**

NOTE 13 - DERIVATIVE INSTRUMENTS

30 September 2023	Contract amount	Fair value	Contract EUR	Contract USD
Derivative assets				
Foreign currency forward transactions	595,125,250	43,955,355	20,500,000	-
	595,125,250	**43,955,355**	**20,500,000**	-

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

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

These contracts are related to foreign exchange risks in 2023 and 2022 and are renewed when necessary.

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

NOTE 14 - PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

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

	30 September 2023	31 December 2022
A. Total amount of CPM given for the Group's own legal personality	890,789,997	607,502,211
B. Total amount of CPM given on behalf of fully consolidated companies	1,629,846,113	1,224,495,154
C. Total amount of CPM given for continuity of its economic activities on behalf of third parties		
C. Total amount of CPM given for continuity of	-	-
D. Total amount of other CPM	-	-
i) Total amount of CPM given behalf of the majority shareholder	-	-
ii) Total amount of CPM given to on behalf of other third parties which are not in scope of B and C	-	-
iii) Total amount of CPM given on behalf of third parties which are not in scope of C.	-	-
The ratio of total amount of other CPM to Equity (%)	0%	0%

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.

NOTE 15 - SHARE CAPITAL, RESERVES AND OTHER EQUITY COMPONENTS

Share capital:

Compositions of the Group's paid-in share capital at 30 September 2023 and 31 December2022 are as follows:

	30 September 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
Paid in share capital		**216,733,652**		**216,733,652**

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

As of 31 September 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:

	30 September 2023	31 December 2022
Legal reserves	22,761,411	16,540,411
	22,761,411	**16,540,411**

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

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

Distribution of dividend

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

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

On 27 February 2023, the management decided to pay dividends from the profit of 2022 to the shareholders. In 2023, the amount of TRY16,543,553 (2022: TRY11,494,813) dividends distributed per share is TRY0,0763 in gross (2022: TRY0,0530) is and TRY0,0687 (2022: TRY0,0477) in net.

Repurchased shares:

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

NOTE 16 - CONTRACTUAL ASSETS AND LIABILITIES

	30 September 2023	31 December 2022
Costs on work-in-progress	3,254,507,109	1,650,488,677
Recognized profits less/losses (net)	700,914,615	221,193,092
Minus: Realized progress payments (-)	(4,118,758,351)	(1,069,002,108)
	(163,336,627)	**802,679,661**

The Group records referred income and expenses from said construction works in financial statements following the percentage completion method The Group has signed the related contracts, which constitute the majority of the construction works, for Çanakkale Strait Lapseki 3 Sütlüce 3 Lot 1 and İzmit Gulf Hersek-Dilovası_Lot 2 projects on 30 June 2021. 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 85% and 75% completion percentages, respectively, as of the current period.

NOTE 17 - REVENUE AND COST OF SALES

	1 January - 30 September 2023	1 January- 30 September 202	1 July- 30 September 2023	1 July - 30 September 2022
Domestic sales	11,237,153,652	5,536,748,133	5,012,003,180	2,149,416,537
Export sales	1,361,715,443	999,182,656	549,894,911	346,702,752
Sales returns (-)	(20,338,465)	(21,538,868)	(3,854,688)	(17,772,768)
Sales discounts (-)	(5,245,800,365)	(1,132,038,885)	(2,593,770,846)	(459,352,566)
Net sales	**7,332,730,265**	**5,382,353,036**	**2,964,272,557**	**2,018,993,955**
Cost of sales (-)	**(6,365,915,504)**	**(4,806,680,234)**	**(2,526,136,117)**	**(1,797,249,265)**
Gross profit from operations	**966,814,761**	**575,672,802**	**438,136,440**	**221,744,690**

Cost of sales details for the period 1 January - 30 June 2023 and 2022 is as follows:

	1 January - 30 September 2023	1 January- 30 September 2022	1 July- 30 September 2023	1 July - 30 September 2022
Raw material expenses	4,409,101,368	3,488,288,277	1,487,025,952	1,244,272,490
Cost of merchandise sold	1,299,022,569	485,231,147	880,115,819	305,209,179
General production expense	265,502,836	117,283,778	101,419,562	49,831,318
Cost of service sold	258,467,054	648,299,224	-	171,449,424
Personnel expenses	124,959,619	61,492,727	53,227,153	24,943,081
Depreciation and amortization expenses	8,862,058	6,085,081	4,347,631	1,543,773
	6,365,915,504	**4,806,680,234**	**2,526,136,117**	**1,797,249,265**

NOTE 18 - RESEARCH AND DEVELOPMENT EXPENSES

	1 January - 30 September 2023	1 January- 30 September 2022	1 July-- 30 September 2023	1 July - 30 September 2022
Research and development expenses:				
Personnel expenses	7,150,727	4,013,168	3,255,301	1,446,763
Test, measurement and document expenses	1,560,539	2,258,041	242,122	753,774
Depreciation and amortization	2,856	3,578	1,434	1,192
Other	1,331,071	592,846	484,394	202,748
	10,045,193	**6,867,633**	**3,983,251**	**2,404,477**

NOTE 19 - MARKETING, SELLING AND DISTRIBUTION EXPENSES

	1 January - 30 September 2023	1 January- 30 September 2022	1 July-- 30 September 2023	1 July - 30 September 2022
Marketing, selling and distribution expenses				
Logistics expenses, sales, distribution and letter of guarantee commissions	286,299,021	171,174,113	138,141,988	68,422,669
Personnel expenses	39,626,524	24,471,737	16,109,075	8,697,768
External service expenses	316,980	225,163	150,591	90,783
Depreciation and amortization	73,413	21,611	22,561	7,730
Other	9,491,630	6,750,019	2,015,067	2,352,496
	335,807,568	**202,642,643**	**156,439,282**	**79,571,446**

	1 January - 30 September 2023	1 January- 30 September 2022	1 July-- 30 September 2023	1 July - 30 September 2022
General administrative expenses:				
License and service expenses	121,488,028	72,557,096	69,740,584	26,020,588
Personnel expenses	38,036,556	31,399,583	8,852,047	18,386,017
Depreciation and amortization	4,543,696	3,356,141	2,154,093	1,498,021
Consultancy expenses	3,059,426	1,735,337	317,214	747,036
Donations and membership dues	1,671,249	838,526	567,928	224,543
Insurance expense	1,144,702	728,817	469,071	301,093
External service expenses	643,569	254,216	271,323	109,590
Other	15,638,859	9,394,530	-	-
	186,226,085	**120,264,246**	**81,144,123**	**47,286,888**

NOTE 20 - OTHER INCOME/(EXPENSES) FROM OPERATING ACTIVITIES

Details of other income from main operations are as follows:

	1 January - 30 September 2023	1 January- 30 September 2022	1 July-- 30 September 2023	1 July - 30 September 2022
Realized income from derivative financial instruments held for trading	403,883,261	299,370,504	209,818,810	56,165,574
Cost reflection revenues	7,344,364	5,330,813	76,808	2,237,762
Interest income of trade receivables	268,620	2,697,520	-	612,502
Gain on valuation of derivative financial instruments	12,718,865	-	12,718,865	-
Other	11,540,424	37,914,197	-	488,746
	435,755,534	**345,313,034**	**222,614,483**	**59,504,584**

Details of other expense from main operations are as follows:

	1 January - 30 September 2023	1 January- 30 September 2022	1 July-- 30 September 2023	1 July - 30 September 2022
Realized expenses from derivative financial instruments held for trading	(422,583,431)	(234,377,236)	(177,346,247)	(69,848,418)
Foreign exchange loss from commercial activities, net	(100,572,463)	(119,518,601)	-	38,123,550
Provision expense for impairment of trade receivables	-	-	-	607,693
Other	(21,326,237)	(12,816,114)	(12,323,615)	(6,857,107)
	(544,482,131)	**(366,711,951)**	**(189,669,862)**	**(37,974,282)**

NOTE 21 - INVESTMENT ACTIVITIES INCOME AND EXPENSES

Details of income from investment activities are as follows:

	1 January - 30 September 2023	1 January- 30 September 2022	1 July-- 30 September 2023	1 July - 30 September 2022
Gain on sales of tangible and intangible assets	1,045,545	-	-	-
	1,045,545	**-**	**-**	**-**

NOTE 22 - INCOME TAXES

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

	30 September 2023	31 December 2022
Corporate tax provision	15,040,417	90,070,950
Loss: Prepaid taxes	(297,677,662)	(172,743,954)
Current income tax liability/(assets)	**(282,637,245)**	**(82,673,004)**

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). (Except withholding tax at the rate of 19.80%, calculated and paid over the benefited exception amount, in case of investment incentive exemption used within the scope of Income Tax Law Temporary Article 61).

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 17th (2022: 17th) 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.

NOTE 22 - INCOME TAXES (Continued)

For the period ended 30 September 2023 and 2022, tax expense in the profit or loss comprised the following:

	1 January - 30 September 2023	1 January - 30 September 2022	1 July- 30 September 2023	1 July- 30 September 2022
Corporate tax expense current period	(15,040,417)	(86,399,029)	-	(45,140,818)
Deferred tax assets/(liabilities)	(54,169,829)	63,411,360	(51,637,992)	24,408,969
Total tax income/(expense)	**(69,210,246)**	**(22,987,669)**	**(51,637,992)**	**(20,731,849)**

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)	
Deferred tax assets/(liabilities)	**30 September 2023**	**31 December 2022**	**30 September 2023**	**31 December 2022**
Construction projects spread over years	458,409,857	(75,630,835)	(114,602,464)	17,395,092
Trade receivables	30,100,791	6,093,370	(7,525,198)	(1,401,475)
Stock adjustment	14,171,381	18,757,840	(3,542,845)	(4,314,303)
Investment incentive discount	-	(20,620,427)	-	4,742,698
Litigation	(2,331,254)	(2,331,254)	582,814	536,188
Provision for severance pay	(9,308,967)	(37,632,036)	2,327,242	7,523,921
Unused leave allowances	(19,376,473)	(21,021,814)	4,844,118	4,835,017
Tangible and intangible assets	(32,872,921)	(24,093,760)	8,218,230	4,856,605
Derivative instruments	(43,955,355)	625,544	10,988,839	(143,875)
Trade payables	(51,792,113)	(105,330,953)	12,948,028	24,226,119
Provisions	(69,963,729)	(97,646,054)	17,490,932	22,458,592
Financial loss	(366,890,336)	-	91,722,584	-
Other	(71,608,053)	(64,389,317)	17,902,013	14,809,543
Deferred tax assets/(liabilities), net			**41,354,293**	**95,524,122**

Movements of deferred tax assets and liabilities at 1 January – 30 September 2023 and 2022 as follows:

	2023	2022
1 January	**95,524,122**	**22,562,094**
Associated with the profit or loss	(54,169,829)	63,411,360
30 September	**41,354,293**	**85,973,454**

NOTE 23 - EARNINGS PER SHARE

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

	1 January - 30 September 2023	1 January - 30 September 2022	1 July- 30 September 2023	1 July- 30 September 2022
Net profit per share of the parent	92,614,931	146,807,634	137,152,758	63,016,461
Weighted average number of ordinary shares issued	216,733,652	216,733,652	216,733,652	216,733,652
Earnings per share	**0.4273**	**0.6774**	**0.6328**	**0.2908**

NOTE 24 - RELATED PARTY DISCLOSURES

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

	30 September 2023		31 December 2022	
	Trade receivables	Other receivables	Trade receivables	Other receivables
Prysmian Cables et Systèmes Fr	54,633,432	-	203,267	-
Prysmian Cavi e Sistemi Italia S.r.l.	42,133,720	-	13,757,592	-
Prysmian Group Baltıcs AS	37,356,770	-	-	-
LLC Rybinskelektrokabel	32,832,342	-	4,638,975	-
Prysmian Group Norge AS	21,383,909	-	17,963,356	-
Prysmian Kabel und Systeme GmbH	19,521,197	-	2,994,112	-
Oman Cables Industry (SAOG)	13,620,981	-	8,498,213	-
Prysmian Spain, S.A.	13,166,037	-	448,105	-
Prysmian Cabluri Si Sisteme S.	12,065,811	-	1,636,960	-
General Cable Celcat, Energia	9,049,450	-	-	-
Prysmian Finland Oy	6,930,530	-	3,040,350	-
Draka Comteq UK Limited	3,477,766	-	887,780	-
Prysmian MKM Magyar Kabel Muve	3,289,461	-	3,192,573	-
Other	9,574,658	-	4,082,085	-
	279,036,064	**-**	**61,343,368**	**-**

NOTE 24 - RELATED PARTY DISCLOSURES (Devamı)

	30 September 2023		31 December 2022	
	Trade payables	Other payables	Trade payables	Other payables
Prysmian S.P.A.	1,137,045,226	-	361,495,678	-
Prysmian Power Link Srl	318,200,926	-	-	-
Prysmian Powerli	54,246,896	-	-	-
Prysmian Cavi e Sistemi Italia S.r.l.	19,825,703	-	52,638,798	-
Prysmian Kabel und Systeme GmbH	18,867,367	-	18,443,823	-
Prysmian Netherlands B.V.	10,767,339	-	15,065,869	-
Prysmian Cavi e Sistemi S.r.l	10,728,042	-	-	-
Prysmian Cables et Systèmes Fr	10,286,922	-	4,705,860	-
Oman Aluminium Processing Industrie	7,432,226	-	5,173,031	-
Prysmian MKM Magyar Kabel Muve	6,565,054	-	-	-
Prysmian Wuxi Cable Company Ltd	5,149,364	-	-	-
Draka Comteq UK Limited	684,724	-	73,655	-
Prysmian Cables (Shangai) Trad	434,567	-	-	-
Prysmian Cables and Systems OY/Finland	255,056	175,000,000	632,175,674	175,000,000
Other	10,082,594	-	6,039,508	-
	1,610,572,006	**175,000,000**	**1,095,811,896**	**175,000,000**

Sales transactions with related parties are as follows:

	1 January - 30 September 2023	1 January - 30 September 2022	1 July- 30 September 2023	1 July- 30 September 2022
Prysmian Kabel und Systeme GmbH	110,126,460	12,362,398	26,918,134	11,007,859
Prysmian Group Norge AS	84,610,664	78,698,315	29,466,441	44,103,405
Prysmian Cables & Systems Limited	68,215,880	11,009,375	63,024,052	154,364
Prysmian Cavi e Sistemi Italia S.R.L	66,259,382	170,877,193	41,915,277	44,891,933
Prysmian Spain, S.A.	48,614,919	283,398	13,039,597	65,064
Prysmian Group Baltics AS	45,212,511	-	45,212,511	-
Draka Denmark Optical Cable AS	42,435,602	57,572,185	18,660,427	16,726,689
LLC Rybinskelektrokabel	33,354,481	10,609,878	15,967,010	3,926,366
Oman Cables Industry SAOG	27,117,931	10,022,342	11,159,859	8,154,673
Singapore Cables Manufacturers Pte Ltd	21,835,382	2,556,494	18,109,511	2,046,979
Prysmian Cabluri si Sisteme S.A.	20,800,513	27,085,573	11,985,519	7,171,786
Prysmian Finland Oy	17,387,941	13,944,807	10,807,898	471,756
Draka Comteq UK Ltd	10,333,684	5,441,652	1,688,210	870,630
Other	35,527,254	30,903,680	14,306,253	16,585,520
	631,832,604	**431,367,290**	**322,260,699**	**156,177,024**

NOTE 24 - RELATED PARTY DISCLOSURES (Continued)

Purchases transactions with related parties are as follows:

	1 January - 30 September 2023	1 January - 30 September 2022	1 July- 30 September 2023	1 July- 30 September 2022
Prysmian S.P.A.	664,641,258	215,766,251	255,397,888	111,946,981
Prysmian Power Link Srl	396,616,687	-	278,840,267	-
Prysmian Kabel und System GmbH	311,315,812	128,973,989	130,671,581	59,113,263
Prysmian MKM Magyar Kabel Muve	209,758,567	23,467,396	93,448,819	15,616,249
Prysmian Cavi e Sistemi Italia S.r.l.	157,562,673	95,480,992	69,666,248	2,850,563
Prysmian Wuxi Cable Company Lt	56,299,209	-	56,299,209	-
Oman Aluminium Processing Industrie	45,330,494	21,870,906	20,280,090	9,436,723
Draka Comteq UK Ltd	32,191,542	30,473,528	5,152,211	10,310,276
Oman Cables Industry (SAOG)	26,712,016	-	-	-
Prysmian Cables & Systems Limited	22,047,917	-	22,047,917	-
Prysmian Cabluri Si Sisteme S.	20,246,055	10,185,153	8,047,482	6,425,019
Prysmian Netherlands B.V.	14,695,699	17,946,087	10,033,430	6,005,638
Draka Kabely SRO	14,120,780	-	-	-
Prysmian Cables et Systèmes Fr	14,057,725	66,819,951	14,057,725	66,819,951
Prysmian Finland Oy	13,932,954	362,876,413	1,503,874	99,379,475
Prysmian Group Specialty	12,367,611	-	12,367,611	-
Draka Comteq Germany GmbH	10,689,273	3,956,183	4,167,989	1,415,624
Prysmian Cables (Shangai) Trad	8,122,320	-	8,122,320	-
Norddeutsche Seekabelwerke GmbH	8,014,461	-	8,014,461	-
Fibre Ottiche Sud - F.O.S. S.r.l.	613,447	7,546,134	613,447	7,546,134
Draka Comteq Fibre BV	131,429	2,486,045	131,429	2,486,045
SILEC Cable, S.A.S.	57,964	175,887,619	57,964	175,887,619
Other	15,540,739	36,501,039	-	13,343,286
	2,055,066,632	**1,200,237,686**	**998,921,962**	**588,582,846**

NOTE 24 - RELATED PARTY DISCLOSURES (Continued)

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).

Benefits provided to senior executives are as follows:

	1 January - 30 September 2023	**1 January - 30 September 2022**
Payments and other short-term benefits	10,217,826	13,706,913
Other	68,252	50,370
	10,286,078	**13,757,283**

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

NOTE 25 - FOREIGN CURRENCY POSITION

	30 September 2023				31 December 2022			
	TRY Equivalent	USD	EUR	GBP	TRY Equivalent	USD	EUR	GBP
1. . Trade Receivables	1,622,259,585	19,985,216	37,034,509	-	571,103,388	13,430,905	16,050,660	-
2a. Monetary Financial Assets (including cash bank accounts)	296,773,636	2,674,397	7,700,779	-	70,929,685	1,120,846	2,506,748	-
2b. Non-monetary Financial Assets	-	-	-	-	-	-	-	-
3. Other	120,916,592	(91,712)	4,251,644	-	119,322,773	-	5,985,622	-
4. Current Assets (1+2+3)	**2,039,949,813**	**22,567,901**	**48,986,932**	**-**	**761,355,846**	**14,551,751**	**24,543,030**	**-**
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)	**2,039,949,813**	**22,567,901**	**48,986,932**	**-**	**761,355,846**	**14,551,751**	**24,543,030**	**-**
10. Trade Payables	(1,919,367,017)	(3,574,263)	(62,620,724)	(4,555)	(585,591,437)	(3,441,938)	(26,092,567)	(1,222)
11. Financial Liabilities	-	-	-	-	-	-	-	-
12a. Other Monetary Liabilities	(296,644,017)	-	(10,200,000)	-	(533,250,183)	(7,612,391)	(19,561,123)	(160)
12b. Other Non-monetary Liabilities	-	-	-	-	(706,249,106)	-	(35,364,086)	-
13. Short-term Liabilities (10+11+12)	**(2,216,011,577)**	**(3,574,263)**	**(72,820,724)**	**(4,555)**	**(1,825,090,726)**	**(11,054,329)**	**(81,017,776)**	**(1,382)**
14. Trade Payables	-	-	-	-	-	-	-	-
15. Financial Liabilities	-	-	-	-	-	-	-	-
16 a. Other Monetary Liabilities	(364,072,657)	(5,382,940)	(7,442,019)	(160)	-	-	-	-
16. b Other Non-monetary Liabilities	-	-	-	-	-	-	-	-
17. Long-term Liabilities (14+15+16)	**(364,072,657)**	(5,382,940)	**(7,442,019)**	**(160)**	-	-	-	-
18. Total Liabilities (13+17)	**(2,580,084,234)**	**(8,957,203)**	**(80,262,743)**	**(4,715)**	**(1,825,090,726)**	**(11,054,329)**	**(81,017,776)**	**(1,382)**
19. Net Asset/(Liability) Position of the Off-Balance Sheet Foreign Exchange Based Derivatives (19a-19b)	**(596,197,400)**	**-**	**20,500,000**	**-**	**484,146,863**	**4,700,000**	**19,870,000**	**-**
19.a. The Amount of the Asset Type Off Balance	-	-	-	-	484,146,863	4,700,000	19,870,000	-
19.b. The Amount of the Liability Type Off Balance	(596,197,400)	-	(20,500,000)	-	-	-	-	-
20. . Net Foreign Exchange Asset/(Liability) Position (9+18+19) (1,382)	**56,062,979**	**13,610,698**	**(10,775,811)**	**(4,715)**	**(579,588,017)**	**8,197,422**	**(36,604,746)**	**-**
21. Net Foreign Currency Asset/ (Liability) Position of (UFRS 7.B23) (=1+2a+5+6a+10+11+12a+14+15+16a) (1,382)	**(661,051,013)**	**13,702,410**	**(35,527,455)**	**(4,715)**	**(476,808,547)**	**3,497,422**	**(27,096,282)**	**-**
22. Total Fair Value of Financial Instruments Used for Foreign Currency Hedging	**(596,197,400)**	**-**	**20,500,000**	**-**	**484,146,863**	**4,700,000**	**19,870,000**	**-**
23. Hedged Foreign Exchange Assets **	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
24. Hedged Foreign Exchange Liabilities ***	**(596,197,400)**	**-**	**(20,500,000)**	**-**	**484,146,863**	**4,700,000**	**19,870,000**	**-**
25. Export	**322,048,892**	**3,721,894**	**9,710,498**	**-**	**1,282,933,618**	**33,460,609**	**42,352,157**	**789,290**
26. Import	**3,881,735,220**	**15,422,954**	**142,964,279**	**-**	**524,846,976**	**363,229**	**26,531,539**	**-**

NOTE 26 - FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Foreign currency risk

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

Table of sensitivity analysis for foreign currency risk:	**30 September 2023**	
	Profit/(Loss) Depreciation of foreign currency	**Profit/(Loss) Appreciation of foreign currency**
10% change in USD against TRY:		
USD net assets/liabilities	37,218,118	(37,218,118)
USD net effect	**37,218,118**	**(37,218,118)**
10% change in EUR against TRY:		
EUR net assets/liabilities	(91,214,173)	91,214,173
EUR net effect	**(91,214,173)**	**91,214,173**
10% change in Others average against TRY:		
Others net assets/liabilities	(15,869)	15,869
Others net effect	**(15,869)**	**15,869**
Total	**(54,011,924)**	**54,011,924**

Table of sensitivity analysis for foreign currency risk:	**31 December 2022**	
	Profit/(Loss) Depreciation of foreign currency	**Profit/(Loss) Appreciation of foreign currency**
10% change in USD against TRY:		
USD net assets/liabilities	6,539,585	(6,539,585)
USD net effect	**6,539,585**	**(6,539,585)**
10% change in EUR against TRY:		
EUR net assets/liabilities	(54,217,316)	54,217,316
EUR net effect	**(54,217,316)**	**54,217,316**
10% change in Others average against TRY:		
Others net assets/liabilities	(3,124)	3,124
Others net effect	**(3,124)**	**3,124**
Total	**(47,680,855)**	**47,680,855**

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

NOTE 26 - 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).

NOTE 26 - FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND EXPLANATIONS IN THE FRAMEWORK OF HEDGE ACCOUNTING) (Continued)

The table below consists of the Group's assets calculated at fair value as of 30 September 2023 and 31 December 2022.

Financial assets / liabilities	**Reasonable value**		**Reasonable value level**	**Valuation Technique**
	30 September 2023	**31 December 2022**		
Financial assets/ (liabilities) from foreign currency forward contracts	(43,955,355)	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.

NOTE 27 – SUBSEQUENT EVENTS

None.

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