

**TÜRK PRYSMIAN KABLO VE SİSTEMLERİ ANONİM
ŞİRKETİ VE BAĞLI ORTAKLARI**

**SUMMARIZED CONSOLIDATED FINANCIAL
STATEMENT TABLES FOR THE FISCAL PERIOD
1 JANUARY - 31 MARCH 2022**

TÜRK PRYSMIAN KABLO VE SİSTEMLERİ ANONİM ŞİRKETİ VE BAĞLI ORTAKLARI

SUMMARIZED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FISCAL PERIOD 1 JANUARY - 31 DECEMBER 2022

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TÜRK PRYSMIAN KABLO VE SİSTEMLERİ ANONİM ŞİRKETİ VE BAĞLI ORTAKLARI

SUMMARIZED CONSOLIDATED FINANCIAL STATEMENT TABLES AS OF MARCH 31, 2022 AND 2021

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

| | | Unaudited (Limited) | Audited (Limited) |
|--|----------|----------------------|----------------------|
| | Footnote | 31 March 2022 | 31 December 2021 |
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 3 | 603,656,418 | 411,993,946 |
| Derivative instruments | | 7,312,795 | 113,812,719 |
| Trade Receivables | | 924,102,796 | 733,965,671 |
| - <i>related parties</i> | 20 | 123,423,138 | 111,516,859 |
| - <i>third parties</i> | 4 | 800,679,658 | 622,448,812 |
| Other receivables | | 126,924 | 71,513 |
| - <i>Receivables due from unrelated parties</i> | | 126,924 | 71,513 |
| Contract assets | | 488,554,012 | 211,740,534 |
| - <i>Contract assets from ongoing construction contracts</i> | | 488,554,012 | 211,740,534 |
| Inventories | 5 | 655,214,549 | 452,314,616 |
| Prepaid expenses | 6 | 84,444,311 | 25,915,106 |
| Assets related to current period tax | 18 | 1,608,120 | 29,072,932 |
| Other current assets | 9 | 99,449,638 | 48,064,534 |
| Total current assets | | 2,864,469,563 | 2,026,951,571 |
| Non-current assets | | | |
| Tangible non-current assets | 7 | 81,100,382 | 82,396,773 |
| Right-of-use assets | | 5,265,789 | 1,114,597 |
| Intangible non-current assets excluding goodwill | 8 | 1,968,003 | 2,121,006 |
| Prepaid expenses | | 20,511,914 | 20,511,914 |
| Deferred tax asset | 18 | 52,575,995 | 22,562,094 |
| Other non-current assets | 9 | 141,497,449 | 127,072,561 |
| Total current assets | | 302,919,532 | 255,778,945 |
| Total assets | | 3,167,389,095 | 2,282,730,516 |

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

TÜRK PRYSMIAN KABLO VE SİSTEMLERİ ANONİM ŞİRKETİ VE BAĞLI ORTAKLARI

SUMMARIZED CONSOLIDATED FINANCIAL STATEMENT TABLES AS OF MARCH 31, 2022 AND 2021

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

| | | Unaudited (Independent Limited) | Audited (Independent) |
|---|----------|---------------------------------------|--------------------------|
| | Footnote | 31 March 2022 | 31 December 2021 |
| REFERENCES | | | |
| Short-term liabilities | | | |
| Short-term loans | 10 | 323,552,662 | - |
| Obligations under leases | 10 | 2,290,861 | 918,651 |
| Trade payables | | 1,682,083,703 | 1,327,122,745 |
| - <i>Related parties</i> | 20 | 437,920,501 | 336,514,998 |
| - <i>Third parties</i> | 4 | 1,244,163,202 | 990,607,747 |
| Payables within the scope of employee benefits | | 9,081,073 | 5,279,323 |
| Other payables | | 340,663 | 484,432 |
| - <i>Related parties</i> | 20 | 50,641 | 50,641 |
| - <i>Third parties</i> | | 290,022 | 433,791 |
| Deferred income (exc. Contract liabilities) | 6 | 114,120,792 | 80,906,190 |
| Contract liabilities | 6 | 348,303,044 | 312,157,473 |
| Short-term provisions | | 210,906,709 | 85,753,209 |
| - <i>Short-term provisions for employee benefits</i> | | 35,264,203 | 28,527,678 |
| - <i>Other short-term provisions</i> | | 175,642,506 | 57,225,531 |
| Other short-term liabilities | 9 | 2,798,061 | 6,205,439 |
| Total short-term liabilities | | 2,693,477,568 | 1,818,827,462 |
| Long-term liabilities | | | |
| Obligations under leases | 10 | 3,267,670 | 486,410 |
| Long-term provisions | | 26,655,734 | 25,453,366 |
| - <i>Long-term provisions for employee benefits</i> | | 19,900,643 | 19,153,416 |
| - <i>Other long-term provisions</i> | | 6,755,091 | 6,299,950 |
| Total long -term liabilities | | 29,923,404 | 25,939,776 |
| Total liabilities | | 2,723,400,972 | 1,844,767,238 |
| Equities of Parent Company | | | |
| Paid-in Capital | 12 | 216,733,652 | 216,733,652 |
| Reacquired shares (-) | | (2,496,301) | (2,496,301) |
| Premiums/discounts on shares | | 40,654,618 | 40,654,618 |
| Other comprehensive accumulated income | | (6,786,800) | (6,786,800) |
| - <i>Items not to be reclassified to profit or loss</i> | | (6,786,800) | (6,786,800) |
| Reserved on retained earnings | | 14,123,489 | 14,123,489 |
| Profits/loss from previous years | | 175,734,620 | 135,001,626 |
| Net Period Profit/Loss | | 6,024,845 | 40,732,994 |
| Total equities | | 443,988,123 | 437,963,278 |
| Total liabilities | | 3,167,389,095 | 2,282,730,516 |

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

TÜRK PRYSMIAN KABLO VE SİSTEMLERİ ANONİM ŞİRKETİ VE BAĞLI ORTAKLARI

CONSOLIDATED PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME STATEMENT FOR THE FISCAL PERIODS 1 JANUARY - 31 DECEMBER 2022 AND 2021

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

| | | Unaudited (Independent Limited) | Unaudited (Independent Limited) |
|--|-------|---------------------------------|---------------------------------|
| | | 1 January - 31 March 2022 | 1 January - 31 March 2021 |
| | Footn | | |
| Revenue | 14 | 1,483,979,743 | 573,536,935 |
| Costs of sales (-) | 14 | (1,347,824,482) | (519,821,501) |
| Gross Profit / (Loss) | | 136,155,261 | 53,715,434 |
| General administrative expenses (-) | 16 | (34,152,429) | (17,704,757) |
| Marketing, sales and distribution expenses (-) | 16 | (45,010,452) | (23,911,553) |
| Research and development expenses (-) | 15 | (2,404,132) | (1,280,510) |
| Other income from main activities | 17 | 196,015,325 | 52,569,410 |
| Other expenses from main activities (-) | 17 | (241,893,928) | (57,096,902) |
| Operating profit/(loss) | | 8,709,645 | 6,291,122 |
| Financing income | | 2,847,251 | 2,116,043 |
| Financing expenses (-) | | (7,505,814) | (3,309,093) |
| Profit/(loss) before tax | | 4,051,082 | 5,098,072 |
| Tax income/(expense) | | 1,973,763 | 4,850,710 |
| Taxation on expense | | (28,040,138) | - |
| Deferred tax income/(expense) | 18 | 30,013,901 | 4,850,710 |
| Net Period Profit/Loss | | 6,024,845 | 9,948,782 |
| Earnings per share | | 0.0278 | 0.0459 |
| Other comprehensive income | | - | - |
| Total comprehensive income | | 6,024,845 | 9,948,782 |

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

TÜRK PRYSMİAN KABLO VE SİSTEMLERİ ANONİM ŞİRKETİ VE BAĞLI ORTAKLARI

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FISCAL PERIODS 1 JANUARY - 31 DECEMBER 2022 AND 2021

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

| | Paid-in Capital | Reacquired shares (-) | Premiums/discounts on shares | Other comprehensive income (expenses) not to be reclassified to profits or losses | Reserves on retained earnings | Profits/ loss from previous years | Net Period profit/loss | Total equities |
|---------------------------------------|--------------------|--------------------------|---------------------------------|---|--|--|------------------------------|--------------------|
| Balances as of January 1, 2021 | 216,733,652 | (2,496,301) | 40,654,618 | (8,426,000) | 11,336,752 | 103,343,846 | 42,418,644 | 403,565,211 |
| Transfers | - | - | - | - | (2,637,074) | 45,055,718 | (42,418,644) | - |
| Total comprehensive income | - | - | - | - | - | - | 9,948,782 | 9,948,782 |
| Balances as of 31 March 2021 | 216,733,652 | (2,496,301) | 40,654,618 | (8,426,000) | 8,699,678 | 148,399,564 | 9,948,782 | 413,513,993 |
| Balances as of January 1, 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 | - | - | - | - | - | 40,732,994 | (40,732,994) | - |
| Total comprehensive income | - | - | - | - | - | - | 6,024,845 | 6,024,845 |
| Balances as of 31 March 2022 | 216,733,652 | (2,496,301) | 40,654,618 | (6,786,800) | 14,123,489 | 175,734,620 | 6,024,845 | 443,988,123 |

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

TÜRK PRYSMIAN KABLO VE SİSTEMLERİ ANONİM ŞİRKETİ VE BAĞLI ORTAKLARI

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FISCAL PERIODS 1 JANUARY - 31 DECEMBER 2022 AND 2021

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

| | | Unaudited (Independent Limited) | Unaudited (Independent Limited) |
|--|----------|---------------------------------|---------------------------------|
| | | 1 January - 31 March 2022 | 1 January - 31 March 2021 |
| | Footnote | | |
| Cash flows from operational activities | | (231,863,130) | 16,051,787 |
| Net Period Profit/Loss (+/-) | | 6,024,845 | 9,948,782 |
| Adjustments for Period Net Profit (Loss) Reconciliation | | | |
| Adjustments for tax income/expenses (+/-) | 18 | (1,973,763) | (4,850,710) |
| Adjustments for financing expenses | | 7,031,559 | 1,193,050 |
| Adjustments for interest income (-) | | (2,847,251) | - |
| Adjustments for Decrease (Increase) in Inventories (+/-) | | (183,104,070) | (42,945,260) |
| Adjustments for Decrease (Increase) in trade receivables (+/-) | | (190,585,027) | (103,410,880) |
| Adjustments for decrease/increase in other receivables related to activities (+/-) | | (55,411) | (26,002,366) |
| Adjustments for Decrease (Increase) in contract assets (+/-) | | (276,813,478) | - |
| Adjustments for Decrease (Increase) in trade payables (+/-) | | 354,960,958 | 160,873,856 |
| Adjustments for decrease/increase in other payables related to activities (+/-) | | (143,769) | 9,135,634 |
| Adjustments for Decrease (Increase) in contract liabilities (+/-) | | 36,145,571 | 16,853,117 |
| Adjustments for amortization and redemption costs | | 3,794,348 | 2,216,324 |
| Adjustments for Impairment Loss/(Reversal of Impairment Loss) (+/-) | | (19,795,863) | (1,843,620) |
| Adjustments for provisions (+/-) | | 126,355,868 | 27,080,733 |
| Adjustments for non-cash items | | (90,282,321) | (33,026,861) |
| Total adjustments for Period Net Profit (Loss) Reconciliation (+/-) | | (237,312,649) | 5,273,017 |
| Net cash generated from activities (+/-) | | (231,287,804) | 15,221,799 |
| Tax returns (payments) (+/-) | 18 | (575,326) | (925,823) |
| Other cash inflows (outflows) (+/-) | | - | (360,232) |
| Net cash generated from operating activities (+/-) | | (231,863,130) | 13,935,744 |
| Cash flows from investment activities | | | |
| Cash inflow from sale of tangible non-current assets | | - | 45,469 |
| Cash outflow from sale of tangible non-current assets | 7 | (1,320,155) | (692,264) |
| Interest Received | | 2,847,251 | 2,116,043 |
| Net cash generated from investment activities (+/-) | | 1,527,096 | 1,469,248 |
| Cash flows from financing activities | | | |
| Cash outflows from reacquisition of shares or reduction of capital | | - | (203,927,083) |
| Cash inflows from borrowings | 10 | 317,707,600 | 272,250,000 |
| Cash outflows arising from lease liabilities (-) | 10 | (3,803,781) | (220,997) |
| Cash inflows from derivative instruments | | 106,499,924 | - |
| Interest paid (-) | | 1,594,763 | 432,713 |
| Net cash generated from financing activities (+/-) | | 421,998,506 | 68,534,633 |
| Net increase/(decrease) in cash and cash equivalents (+/-) | | 191,662,472 | 83,939,625 |
| Cash and cash equivalents at the beginning of the period | 3 | 411,993,946 | 146,428,538 |

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

**TÜRK PRYSMIAN KABLO VE SİSTEMLERİ ANONİM ŞİRKETİ VE
BAĞLI ORTAKLARI**

**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FISCAL PERIODS 1
JANUARY - 31 DECEMBER 2022 AND 2021**

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

| | | | |
|--|---|-------------|-------------|
| Cash and cash equivalents at the end of the period | 3 | 603,656,418 | 230,368,163 |
|--|---|-------------|-------------|

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

TÜRK PRYSMIAN KABLO VE SİSTEMLERİ ANONİM ŞİRKETİ VE BAĞLI ORTAKLARI

FOOTNOTES FOR SUMMARIZED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FISCAL PERIOD 1 JANUARY - 31 DECEMBER 2022

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

FOOTNOTE 1- ORGANIZATION AND LINE OF BUSINESS

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

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

The subsidiary of the Group, Türk Prysmian - Prysmian Powerlink Ordinary Partnership for the work DB. KAB.19 was established in 2021 in the direction of the opinion presented by Revenue Administration regarding the taxation of the work within the scope of tender put out for DB.KAB.19 400 kV Dardanelle Strait (Lapseki 3-Sütluçe 3) Crossing and & Gulf of Izmit (Hersek-Dilovası) Crossing Submarine Power Cable Connection Works Projects. Türk Prysmian Kablo ve Sistemleri A.Ş. holds hold 99.99% and Prysmian Powerlink S.R.L. holds 0.01% shares of the ordinary partnership established.

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

The Group’s registered address is Ömerbey Mahallesi, Bursa Asfaltı Caddesi, No:51, 16941, Mudanya, Bursa with an Istanbul branch registered on December 20, 2012 and located the address of Ömer Avni Mah. İnebolu Sok. Haktan İş Merkezi No:39 K:2 Setüstü Kabataş Beyoğlu Istanbul. As of 31 March 2022 the Group employs on average is 600 personnel for the fiscal year (31 December 2021: 571).

The Group's subsidiaries are detailed below:

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

TÜRK PRYSMIAN KABLO VE SİSTEMLERİ ANONİM ŞİRKETİ VE BAĞLI ORTAKLARI

FOOTNOTES FOR SUMMARIZED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FISCAL PERIOD 1 JANUARY - 31 DECEMBER 2022

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

FOOTNOTE 2 BASIS OF PRESENTATION OF SUMMARIZED CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of presentation

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

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

The Company prepared the summarized consolidated financial statements for the interim fiscal period ending on 31 March 2022 in accordance with the CMB's Communiqué with Serial: II, No. 14.1 and announcements made to clarify this communiqué, and based on the principle of going concern according to TAS 34 “Interim Period Financial Reporting” standard. Summarized consolidated financial statements for the interim period and footnotes thereof are presented in the formats recommended by the CMB and by including all mandatory information.

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

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

Functional and reporting currency

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

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

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

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

TÜRK PRYSMIAN KABLO VE SİSTEMLERİ ANONİM ŞİRKETİ VE BAĞLI ORTAKLARI

FOOTNOTES FOR SUMMARIZED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FISCAL PERIOD 1 JANUARY - 31 DECEMBER 2022

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

FOOTNOTE 2 BASIS OF PRESENTATION OF SUMMARIZED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.1 Basis of presentation (Continued)

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

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

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

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

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

2.2 Changes in accounting estimates and errors

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

2.3 Summary of significant accounting policies

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

2.4 Significant accounting estimates, assumptions and decisions

**TÜRK PRYSMIAN KABLO VE SİSTEMLERİ ANONİM ŞİRKETİ VE
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**FOOTNOTES FOR SUMMARIZED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FISCAL PERIOD 1 JANUARY - 31 DECEMBER 2022**

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

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

FOOTNOTES FOR SUMMARIZED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FISCAL PERIOD 1 JANUARY - 31 DECEMBER 2022

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

FOOTNOTE 2 BASIS OF PRESENTATION OF SUMMARIZED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.5 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 December 2022 may not serve as an indicator for the year-round.

2.6 Major changes in the current period

Group management has taken necessary actions to minimize the possible impacts on Group's activities and financial position, of COVID-19 outbreak that has taken the world by storm as well as the developments/slowing down of the activities in both the industry the Group operates and in economy in general. Although we cannot project with any certainty how long COVID-19 will last and spread in the world and in Turkey, it will be possible to make a better assessment for the medium and long term as we continue to gain more insights to the severity and duration of its impact. Along with this, when preparing the interim period consolidated financial statements dated 31 December 2022, potential impact of COVID-19 outbreak were taken into consideration and projections and assumptions used when preparing financial statements reviewed. Within this context no impairment is determined on interim period consolidated financial statements dated 31 March 2020.

2.7 New and revised standards and interpretations

a. The new standards, amendments and interpretations which are effective as of 31 March 2022 are as follows:

- **Amendments to TFRS 7, TFRS 4 and TFRS 16 - Interest Rate Benchmark Reform Phase 2 (effective as of 1 January 2021);** These Phase 2 amendments addresses issues that arise from the implementation of the reforms, including the replacing of the benchmark interest rate with an alternative one. The Phase 2 amendments provide additional temporary reliefs from reliefs from applying specific IAS 39 and IFRS 9 hedge accounting requirements to hedging relationships directly affected by IBOR reform.
- **Amendments to TFRS 4 Insurance Contracts - Deferral of implementation of TFRS 9 (effective as of 1 January 2021);** As the result of the referred amendments, the effective date of TFRS 17 is deferred by 2 years to 1 January 2023. These amendments change the fixed date of the temporary exemption in IFRS 4 for the implementation of TFRS 9 Financial Instruments standard and defer it until 1 January 2023.
- **Amendments to IFRS 16 'Leases' - Covid-19-Related Rent Concessions (effective as of 1 April 2021);** Rent concessions are provided to lessees due to COVID-19 pandemic. In May 2020, the IASB amended IFRS 16 Leases standard and thereby permitted lessees, as a practical expedient, not to assess whether particular rent concessions occurring as a direct consequence of the covid-19 pandemic are lease modifications. On March 31, 2021 IASB has issued an additional amendment to extend the availability of practical expedient by one year, from 30 June 2021 to 30 June 2022. The amendment permitted lessees to account for those rent concessions in accordance with applicable provisions unless it is a lease modification. This practical expedient mostly results in accounting for the rent concessions as variable lease payments in the period(s) in which the event or condition that triggers the reduction in lease payments.

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FOOTNOTE 2 BASIS OF PRESENTATION OF SUMMARIZED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.7 New and revised standards and interpretations (continued)

b. Standards, amendments and interpretations that are issued but not effective as of 31 March 2022:

- **A number of narrow-scope amendments to TFRS 3, TAS 16, TAS 37 and some annual improvements on TFRS 1, TFRS 9, TMS 41 and TFRS 16;** effective from annual reporting periods beginning on or after January 1, 2022.
 - **Amendments to TFRS 3 ‘Business Combinations’;** this amendment updates a reference in TFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
 - **Amendment to TAS 16 ‘Tangible Non-Current Assets’;** this amendment prohibits a company from deducting from the cost of tangible non-current assets received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss.
 - **Amendments to TAS 37 ‘Provisions, contingent liabilities and contingent assets’** specify which costs a company includes when assessing whether a contract will be loss-making.

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

- **Amendments to TAS 1, “Presentation of Financial Statements” Classification of Liabilities;** the effective date is deferred to annual reporting periods beginning as of and after 1 January 2024. These narrow-scope amendments to TAS 1 "Presentation of Financial Statements" standard clarifies how an entity classifies debts as current or non-current depending on the rights available at the end of the reporting period. Events after the reporting date or expectations of the entity do not impact the classification (e.g. obtaining a privilege or breach of a contract). Amendment also clarifies what TAS 1 means when it refers to the 'settlement' of a liability.
- **Narrow scope amendments to TAS 1, Practice Statement 2 and TAS 8;** effective from annual reporting periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.
- **Amendment to TAS 12, deferred tax related to assets and liabilities arising from a single transaction,** effective from annual periods beginning on or after 1 January 2023. These amendments require companies to recognize deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.

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FOOTNOTE 2 BASIS OF PRESENTATION OF SUMMARIZED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.7 New and revised standards and interpretations (continued)

b. Standards, amendments and interpretations that are issued but not effective as of 31 March 2022:

- **TFRS 17, 'Insurance Contracts' as amended on December 2021;** effective from annual reporting periods beginning on or after 1 January 2023. This standard replaces TFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. TFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

The Group will assess the impacts of the above stated amendments on its operations and will implement the same as of the effective dates thereof.

Considering the above standards and interpretations, the implementation thereof is not expected to have a significant impact on the consolidated financial statements of the Group in the following periods. Standards and interpretations that are issued but not effective as of 31 March 2022 and not related to the activities of the Group are not disclosed above.

FOOTNOTE 3 - CASH AND CASH EQUIVALENTS

| | 31 March 2022 | 31 December 2021 |
|---------------------------|--------------------|--------------------|
| Cash | 49,768 | 48,730 |
| Banks | 484,267,870 | 334,448,744 |
| - Saving Account | 404,949,438 | 320,282,026 |
| - Demand Account | 79,318,432 | 14,166,718 |
| Checks received | 10,763,985 | 12,144,268 |
| - Credit card receivables | 108,574,795 | 65,352,204 |
| | 603,656,418 | 411,993,946 |

Group has Saving Accounts in TRY, Euro and USD with average term is shorter than a week and the effective annual interest rate is 17.00%, 0.75% and 2.00% respectively (31 December 2021: savings account in TRY, Euro and USD and are overnight deposits and effective annual interest rate is 20% and 0.55% and 1.95 respectively). Credit card receivables have less than 3 month terms.

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

Market value of the cash and cash equivalents is close to the carrying amount thereof, which included accrued interest on the date of the balance sheet. The Group has blocked deposits relating to POS receivables equal to TRY 108,574,795 (31 December 2021: TRY 65,352,204) as of 31 March 2022 and 31 December 2021. Details with respect to the foreign currency cash and cash equivalents is explained in Footnote 20.

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FOOTNOTE 4-TRADE RECEIVABLES AND PAYABLES

| Short-term trade receivables | 31 March 2022 | 31 December 2021 |
|--|----------------------|-------------------------|
| Trade receivables and accrued income | 653,929,478 | 429,872,019 |
| Checks and Notes Received | 251,398,428 | 296,777,139 |
| related parties | 123,423,138 | 111,516,859 |
| Minus: Provision for Decrease in Value | (104,648,248) | (104,200,346) |
| | 924,102,796 | 733,965,671 |

Average maturity of trade receivables of the Group is 3 months (31 December 2021: 3 months). Carrying amount of the trade receivables is considered to approximate their fair values. Details of the trade receivables in foreign currency are explained in Footnote 20.

Trade receivables impairment movements are as follows:

| | 2022 | 2021 |
|------------------------------------|----------------------|---------------------|
| Opening balance - 1 January | (104,200,346) | (73,562,748) |
| Provisions for the period | (447,902) | (507,923) |
| Closing balance - 31 March | (104,648,248) | (74,070,671) |

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

| Short-term trade payables | 31 March 2022 | 31 December 2021 |
|----------------------------------|----------------------|-------------------------|
| Sellers | 1,228,426,047 | 960,632,192 |
| related parties | 437,920,501 | 336,514,998 |
| Expense accruals | 15,737,155 | 29,975,555 |
| | 1,682,083,703 | 1,327,122,745 |

Average payment term for the Group's trade payables are 3 months (December 31, 2021: 3 months).

The Group has financial risk management policies put into effect in order to ensure that all its payables are to be paid within the loaning period.

Group's LC Trade Liability is TRY 464,939,238 (USD 19,955,248 and Euro 10,613,876) as of 31 March 2022 (31 December 2021: TRY 572,740,327 (USD 26,545,631 and Euro 15,545,548)).

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FOOTNOTE 5 - INVENTORIES

| | 31 March 2022 | 31 December 2021 |
|--|----------------------|-------------------------|
| Raw Materials | 195,663,015 | 137,767,696 |
| Semi-finished goods | 192,315,970 | 158,285,263 |
| Finished Goods | 286,856,931 | 190,688,574 |
| Commercial goods | 7,293,951 | 12,284,264 |
| Minus: Provisions for inventory impairment | (26,915,318) | (46,711,181) |
| | 655,214,549 | 452,314,616 |

Inventory impairment movement during the year is as follows:

| | 2022 | 2021 |
|------------------------------------|---------------------|---------------------|
| Opening balance - 1 January | (46,711,181) | (11,912,848) |
| Provisions no longer required | 19,795,863 | 1,843,620 |
| Closing balance - 31 March | (26,915,318) | (10,069,228) |

Raw material and supply expenses associated with cost of sales in the fiscal period 1 January - 31 March 2022 is TRY 936,019,418 (31 March 2021: TRY 449,786,629) (Footnote 14).

FOOTNOTE 6 - PRE-PAID EXPENSES AND DEFERRED INCOME

| Short-term pre-paid expenses | 31 March 2022 | 31 December 2021 |
|-------------------------------------|----------------------|-------------------------|
| Order advances given for projects | 60,514,581 | 400,751 |
| Pre-paid expenses (*) | 23,929,730 | 25,514,355 |
| | 84,444,311 | 25,915,106 |

(*) Insurance policies constitute the pre-paid expenses.

Short-term contract liabilities and deferred income

| | 31 March 2022 | 31 December 2021 |
|---|----------------------|-------------------------|
| Contract liabilities (*) | 348,303,044 | 312,157,473 |
| Order advances received (exc. Contract liabilities) | 114,120,792 | 80,906,190 |
| | 462,423,836 | 393,063,663 |

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

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FOOTNOTE 7 - NON-CURRENT ASSETS

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

As of 31 March 2022, the Group has amortization expenses in the amount of total TRY3,794,348 comprised of; TRY 2,616,546 for tangible non-current assets, TRY 1,024,799 for right-of-use assets and TRY 153,003 for intangible non-current assets. Out of said current term amortization and depreciation expenses, a portion of TRY 2,884,257 was reflected on cost of sales, TRY 902,943 on general administrative expenses, TRY 5,955 on marketing expenses and TRY 1,193 on research and development expenses. As of 31 March 2022, no mortgage or pledge is placed on tangible non-current assets (31 December 2021: None).

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FOOTNOTE 7 - NON-CURRENT ASSETS (Continued)

| | 1 January 2021 | Additions | 31 March 2021 |
|-------------------------------------|-----------------------|--------------------|----------------------|
| Cost | | | |
| Land and plots | 3,164,360 | - | 3,164,360 |
| Buildings | 62,890,353 | - | 62,890,353 |
| Facilities, machinery and equipment | 240,710,152 | 56,362 | 240,766,514 |
| Vehicles, furnishing and fixtures | 30,746,514 | - | 30,746,514 |
| Special costs | 77,543 | - | 77,543 |
| On-going investments | 53,604 | 635,902 | 689,506 |
| | 337,642,526 | 692,264 | 338,334,790 |
| Accumulated depreciation | | | |
| Premises (-) | (32,055,049) | (322,045) | (32,377,094) |
| Facilities, machinery and equipment | (213,108,168) | (1,175,937) | (214,284,105) |
| Vehicles, furnishing and fixtures | (27,420,213) | (452,888) | (27,873,101) |
| Special costs (-) | (77,515) | - | (77,515) |
| | (272,660,945) | (1,950,870) | (274,611,815) |
| Net book value | 64,981,581 | | 63,722,975 |

As of 31 March 2022, the Group has amortization expenses in the amount of total TRY 2,216,324 comprised of; TRY 1,950,870 for tangible non-current assets, TRY 34,893 for intangible non-current assets and TRY 230,561 for right-of-use assets. Out of said current term amortization expenses, a portion of TRY 1,679,810 was reflected on production costs, TRY 519,70 on general administrative expenses, TRY 16,292 on marketing expenses and TRY 952 on research and development expenses.

FOOTNOTE 8 - INTANGIBLE NON-CURRENT ASSETS

| | 1 January 2022 | Additions | 31 March 2022 |
|-------------------------------|-----------------------|------------------|----------------------|
| Cost | | | |
| Rights | 3,912,017 | - | 3,912,017 |
| | 3,912,017 | - | 3,912,017 |
| Accumulated redemption | | | |
| Rights (-) | (1,791,011) | (153,003) | (1,944,014) |
| | (1,791,011) | (153,003) | (1,944,014) |
| Net book value | 2,121,006 | | 1,968,003 |

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FOOTNOTE 8 - INTANGIBLE NON-CURRENT ASSETS (Continued)

| | 1 January 2021 | Additions | 31 March 2021 |
|-------------------------------|--------------------|-----------------|--------------------|
| Cost | | | |
| Rights | 1,874,814 | - | 1,874,814 |
| | 1,874,814 | - | 1,874,814 |
| Accumulated redemption | | | |
| Rights (-) | (1,613,291) | (36,827) | (1,650,118) |
| | (1,613,291) | (36,827) | (1,650,118) |
| Net book value | 261,523 | | 224,696 |

FOOTNOTE 9 - OTHER ASSETS AND LIABILITIES

| Other current assets | 31 March 2022 | 31 December 2021 |
|------------------------------------|-------------------|-------------------|
| VAT carried forward (*) | 78,476,597 | 30,852,882 |
| Receivables from Tax Office (**) | 18,541,118 | 16,909,340 |
| Other miscellaneous current assets | 2,431,923 | 302,312 |
| | 99,449,638 | 48,064,534 |

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

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

| Other non-current assets | 31 March 2022 | 31 December 2021 |
|--------------------------|--------------------|--------------------|
| VAT carried forward (*) | 141,497,449 | 127,072,561 |
| | 141,497,449 | 127,072,561 |

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

| Other short-term liabilities | 31 March 2022 | 31 December 2021 |
|--|------------------|------------------|
| Tax, fees and other deductions payable | 1,840,322 | 5,937,603 |
| Other miscellaneous payables and liabilities | 957,739 | 267,836 |
| | 2,798,061 | 6,205,439 |

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FOOTNOTE 10 - BORROWINGS

| Short-term loans | 31 March 2022 | 31 December 2021 |
|--------------------------|----------------------|-------------------------|
| Short term bank loans | 323,552,662 | - |
| Obligations under leases | 2,290,861 | 918,651 |
| | 325,843,523 | 918,651 |

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

Long-term borrowings

| | | |
|--------------------------|------------------|----------------|
| Obligations under leases | 3,267,670 | 486,410 |
| | 3,267,670 | 486,410 |

The details of the credits and other financial borrowings are as follows:

31 March 2022

| Type of Currency | Term | Effective interest rate (%) | Short-term | Long-term |
|-------------------------|-------------|------------------------------------|--------------------|------------------|
| Turkish Lira | 1 years | 20 | 323,552,662 | - |
| | | | 323,552,662 | - |

Loan repayment schedule is given below:

| | 31 March 2022 | 31 December 2021 |
|-----------|----------------------|-------------------------|
| In 1 year | 323,552,662 | - |
| | 323,552,662 | - |

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FOOTNOTE 11 - CONTINGENT ASSETS AND LIABILITIES

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

| | 31 March 2022 | 31 December 2021 |
|--|----------------------|-------------------------|
| A. Total GPMs given on behalf of the legal entity: | | |
| | 399,309,244 | 287,966,928 |
| B. Total GPMs given in favor of subsidiaries included in full consolidation | 574,863,621 | 517,539,112 |
| C. Total GPMs given to maintain ordinary operations and collect payables from third parties: | - | - |
| D. Other GPMs given | - | - |
| i) Total GPMs given in favor of main shareholder | - | - |
| ii) Total GPMs give in favor of other companies not falling within the scope of item B and C | - | - |
| iii) Total GPMs give in favor of third parties not falling within the scope of item C | - | - |

The Group has not given any other guarantee, pledge and mortgage (31 March 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.

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FOOTNOTE 12 - CAPITAL, RESERVES AND OTHER EQUITY ITEMS

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

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

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

Restricted reserves appropriated from profits are detailed below:

| | 31 March 2022 | 31 December 2021 |
|----------------|-------------------|-------------------|
| Legal reserves | 14,123,489 | 14,123,489 |
| | 14,123,489 | 14,123,489 |

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

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

Profit Distribution:

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

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

Reacquired shares:

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

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FOOTNOTE 13 - CONTRACT ASSETS AND LIABILITIES

| | 31 March 2022 | 31 December 2021 |
|--------------------------------------|----------------------|-------------------------|
| Costs related with ongoing works | 1,252,267,984 | 451,222,791 |
| Recognized profits less losses (net) | 228,784,272 | 94,372,260 |
| Minus: Accrued Progress Payments (-) | (992,498,244) | (333,854,517) |
| | 488,554,012 | 211,740,534 |

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

FOOTNOTE 14 - REVENUE AND COST OF SALES

| | 1 January - 31 March 2022 | 1 January - 31 March 2021 |
|-----------------------|--------------------------------------|--------------------------------------|
| Domestic Sales | 1,489,915,075 | 762,737,436 |
| Export Sales | 342,886,965 | 185,283,360 |
| Return on sales (-) | (2,752,829) | (230,344) |
| Sales discounts (-) | (346,069,468) | (374,253,517) |
| Net Revenue | 1,483,979,743 | 573,536,935 |
| Costs of sales | (1,347,824,482) | (519,821,501) |
| Gross profit | 136,155,261 | 53,715,434 |

Breakdown of costs of sales is as follows:

| | 1 January - 31 March 2022 | 1 January - 31 March 2021 |
|-------------------------------------|--------------------------------------|--------------------------------------|
| Raw material and supply expenses | 1,014,420,949 | 449,786,629 |
| Cost of services sold | 229,661,056 | 9,892,502 |
| Cost of commercial goods sold | 60,005,391 | 24,860,944 |
| Production overheads | 26,053,883 | 22,689,151 |
| Labour Costs | 14,798,946 | 10,912,465 |
| Amortization and depreciation costs | 2,884,257 | 1,679,810 |
| | 1,347,824,482 | 519,821,501 |

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FOOTNOTE 15 - RESEARCH AND DEVELOPMENT EXPENSES

| | 1 January - 31 March 2022 | 1 January - 31 March 2021 |
|--|--------------------------------------|--------------------------------------|
| Research and development expenses: | | |
| Personnel expenses | 1,437,515 | 710,665 |
| Test, measurement and documentation expenses | 762,132 | 478,414 |
| Amortization and depreciation costs | 1,193 | 952 |
| Others | 203,292 | 90,479 |
| | 2,404,132 | 1,280,510 |

FOOTNOTE 16 - MARKETING, SELLING, DISTRIBUTION AND GENERAL ADMINISTRATIVE EXPENSES

| | 1 January - 31 March 2022 | 1 January - 31 March 2021 |
|---|--------------------------------------|--------------------------------------|
| Marketing, sales and distribution expenses | | |
| Logistics expenses, sales, dist. and letter of credit commissions | 34,573,280 | 17,700,170 |
| Personnel expenses | 8,358,573 | 4,594,533 |
| Outsourced service expenses | 61,211 | 1,093 |
| Amortization and depreciation costs | 5,955 | 16,292 |
| Others | 2,011,433 | 1,599,465 |
| | 45,010,452 | 23,911,553 |

| | 1 January - 31 March 2022 | 1 January - 31 March 2021 |
|---|--------------------------------------|--------------------------------------|
| General administrative expenses: | | |
| License and service expenses | 22,660,705 | 9,901,422 |
| Personnel expenses | 7,133,124 | 3,952,337 |
| Amortization and depreciation costs | 902,943 | 519,270 |
| Membership and grants | 348,773 | 279,623 |
| Insurance expenses | 236,724 | 159,927 |
| Consultancy expenses | 194,681 | 253,471 |
| Outsourced service expenses | 74,507 | 93,470 |
| Others | 2,600,972 | 2,545,237 |
| | 34,152,429 | 17,704,757 |

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FOOTNOTE 17 - OTHER REAL OPERATING INCOME/(EXPENSES)

Other real operating income are as detailed below:

| | 1 January - 31 March 2022 | 1 January - 31 March 2021 |
|---|--------------------------------------|--------------------------------------|
| Profits realized from marketable derivative financial instruments | 169,438,770 | 1,017,800 |
| Delay interest income of trade receivables | 1,594,494 | 46,753 |
| Chargeout income | 1,270,962 | 850,743 |
| Exchange rate income from trade activities, net | - | 7,956,289 |
| Marketable derivative financial instruments valuation profit | - | 38,588,219 |
| Others | 23.711.099 | 4,109,606 |
| | 196.015.325 | 52,569,410 |

Other real operating expenses are as detailed below:

| | 1 January - 31 March 2022 | 1 January - 31 March 2021 |
|--|--------------------------------------|--------------------------------------|
| Marketable derivative financial instruments valuation expenses | (106,499,924) | - |
| Exchange rate expenses from trade activities, net | (90,429,697) | (34,389,012) |
| Expenses realized from marketable derivative financial instruments | (40,648,160) | (21,430,700) |
| Provision for other doubtful receivables | (447,902) | (507,923) |
| Others | (3.868.245) | (769,267) |
| | (241.893.928) | (57,096,902) |

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FOOTNOTE 18 - INCOME TAXES

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

| | 31 March 2022 | 31 March 2021 |
|---|----------------------|----------------------|
| Withholding paid for construction repair works extending to years | (28,854,834) | (29,072,932) |
| Bank withholdings | (793,424) | - |
| Taxation on expense | 28,040,138 | |
| Period profit tax liability | (1,608,120) | (29,072,932) |

Corporate tax rate in Turkey for the year 2022 is 25% (2021: 25%). Corporate tax rate is applicable to the tax base derived upon adding non-deductible expenses to the commercial revenue of the companies less exemptions (affiliation privilege, investment allowance exemption) and deductions (R&D deduction etc.) stated in the tax legislation. No other tax is paid in the event profit is not distributed.

The tax legislation provides for a temporary tax of 25% (will be applied as 25% for 2021) to be calculated based on earnings generated for each quarter. Temporary tax is declared by the 14th day of the second month following each quarter and corresponding tax is payable by the 17th day of the same month (2021: 17th). The amounts thus calculated and paid are offset against the final corporate tax liability for the year. If there is excess temporary tax paid even if it is already offset, this amount may either be refunded or offset from any financial liability to the state. Reaching an agreement with tax authorities concerning the tax payment is not a practice applied in Turkey. Corporate tax returns are submitted to the registered tax office until the evening of the 25th day of the fourth month following the fiscal year end. Authorities authorized to conduct tax audits are entitled to perform audit of the accounting records within five years, and if any erroneous transaction is detected, tax amounts may be changed due to tax assessment. According to Turkish tax legislation, corporate tax losses can be carried forward for a maximum period of 5 years following the year in which the losses were incurred. However financial losses cannot be set against profits of the previous year.

Tax amounts reflected in the profit or loss statement for the years that ended on 31 March 2022 and 2021 are summarized below:

| | 1 January - 31 March 2022 | 1 January - 31 March 2021 |
|--------------------------------------|--------------------------------------|--------------------------------------|
| Taxation on expense | (28.040.138) | |
| Deferred tax income/(expense) | 30,013,901 | 4,850,710 |
| Deferred tax income/(expense) | 1.973.763 | 4,850,710 |

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FOOTNOTE 18 - INCOME TAXES (Continued)

The breakdown of accumulated temporary differences and deferred tax assets and liabilities calculated using current tax rates are given in the below table:

| Deferred tax assets/(liabilities) | Total temp. dif. | | Deferred tax assets/(liabilities) | |
|---|------------------|------------------|-----------------------------------|-------------------|
| | 31 March 2022 | 31 December 2021 | 31 March 2022 | 31 December 2021 |
| Construction projects spread over years | 16,547,107 | 35,423,081 | (3,805,835) | (8,147,309) |
| Derivative instruments | 7,312,795 | 113,812,719 | (1,681,943) | (26,176,925) |
| Trade Receivables | (501,279) | 306,303 | 115,294 | (70,450) |
| Provisions for litigation | (1,341,782) | (886,642) | 308,610 | 203,928 |
| Investment incentive allowance | (12,913,023) | (12,913,023) | 2,969,995 | 2,969,995 |
| Provision for accumulated leave | (18,525,259) | (16,887,549) | 4,260,809 | 3,884,136 |
| Provision for severance pay | (19,899,423) | (19,153,416) | 3,979,885 | 3,830,683 |
| Inventory impairment | (20,888,991) | (58,650,971) | 4,804,468 | 13,489,723 |
| Tangible and intangible non-current assets | (24,127,207) | (22,704,683) | 4,825,441 | 4,578,790 |
| Trade payables | (38,702,361) | (27,028,504) | 9,675,590 | 6,216,556 |
| Provisions | (58,850,789) | (42,239,353) | 13,535,681 | 9,715,051 |
| Others | (59,078,261) | (52,469,200) | 13,588,000 | 12,067,916 |
| Deferred tax assets/(liabilities), net | | | 52,575,995 | 22,562,094 |

The movement of the deferred tax asset and liabilities are as follows.

| | 2022 | 2021 |
|---|-------------------|-------------------|
| Opening balance - 1 January | 22,562,094 | 14,048,161 |
| Recognized in statement of profit or loss | 30,013,901 | 4,850,710 |
| Closing balance - 31 March | 52,575,995 | 18,898,871 |

FOOTNOTE 19 - EARNINGS PER SHARE

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

There is no ordinary share issued to be issued as of the date of preparation of financial statements and prior to completion of these consolidated financial statements.

| | 31 March 2022 | 31 December 2021 |
|--|---------------|------------------|
| Net period profit attributable to the parent company shareholders | 6,024,845 | 9,948,782 |
| Weighted average number of ordinary shares outstanding during the year | 216,733,652 | 216,733,652 |
| Earnings per share | 0.028 | 0.046 |
| Earnings per diluted share | 0.028 | 0.046 |

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FOOTNOTE 20 - TRANSACTIONS BETWEEN RELATED PARTIES

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

| | 31 March 2022 | 31 December 2021 |
|---------------------------------------|--------------------------|--------------------------|
| | Trade Receivables | Trade Receivables |
| Prysmian Cavi e Sistemi Italia S.r.l. | 64,545,506 | 67,504,916 |
| Draka Denmark Optical Cable AS | 21,408,051 | - |
| Prysmian Finland Oy | 10,565,193 | 6,948,208 |
| Prysmian Cabluri Si Systeme S. | 5,027,741 | 5,015,456 |
| LLC Rybinskelektrokabel | 3,361,047 | 300,205 |
| Prysmian Group Norge AS | 3,130,061 | 9,834,637 |
| Prysmian Cables & Systems Limited | 2,739,458 | 1,673,867 |
| Draka Comteq UK Limited | 1,902,985 | 1,903,620 |
| Oman Cables Industry (SAOG) | 1,813,219 | 1,094,578 |
| Prysmian S.P.A. | 948,955 | 1,994,391 |
| Prysmian Kabel und Systeme GmbH | 577,603 | 1,157,445 |
| Prysmian Spain, S.A. | 227,122 | 6,568,037 |
| Prysmian Australia Pty Ltd | 156,672 | 710,828 |
| Prysmian Cables et Systèmes Fr | 46,423 | 4,139,969 |
| Others | 6,973,102 | 2,670,702 |
| | 123,423,138 | 111,516,859 |

| | 31 March 2022 | | 31 December 2021 | |
|---------------------------------------|-----------------------|-----------------------|-------------------------|-----------------------|
| | Trade payables | Other payables | Trade payables | Other payables |
| Prysmian Cables and Systems | | | | |
| OY/FINLAND | 286,288,813 | - | 150,321,965 | - |
| Prysmian S.P.A. | 82,841,984 | - | 72,637,278 | - |
| Prysmian Cavi e Sistemi Italia S.r.l. | 47,246,232 | - | 15,405,525 | - |
| Draka Comteq UK Limited | 9,764,356 | - | - | - |
| Prysmian Kabel und Systeme GmbH | 4,064,244 | - | 3,959,292 | - |
| Prysmian Cavi e Sistemi S.r.l | 1,149,454 | - | 9,205,910 | - |
| Draka Comteq Germany GmbH & Co KG | 542,818 | - | 115,736 | - |
| SILEC Cable, S.A.S. | - | - | 82,725,240 | - |
| Others | 6,022,600 | 50,641 | 2,144,052 | 50,641 |
| | 437,920,501 | 50,641 | 336,514,998 | 50,641 |

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FOOTNOTE 20 - TRANSACTIONS BETWEEN RELATED PARTIES (Continued)

Sales transactions with related parties are as follows:

| | 1 January - 31 March 2022 | 1 January - 31 March 2021 |
|--|--------------------------------------|--------------------------------------|
| Prysmian Cavi e Sistemi Italia S.R.L | 57,852,267 | 30,318,526 |
| Draka Denmark Optical Cable AS | 20,607,558 | - |
| Prysmian Finland Oy | 9,875,168 | - |
| Prysmian Group Norge AS | 8,943,476 | 9,366,920 |
| Prysmian Cabluri si Sisteme S.A. | 8,678,857 | 5,465,253 |
| Prysmian Cables & Systems Ltd. | 3,451,365 | 7,971,516 |
| Draka Comteq UK Ltd | 1,620,332 | 1,469,701 |
| Oman Cables Industry SAOG | 1,401,920 | 142,160 |
| Prysmian Cables et Systemes France SAS | 644,862 | 2,882,895 |
| Prysmian Kabel und Systeme Gmb | 549,003 | - |
| Draka Kabel Sverige AB | 509,017 | - |
| Singapore Cables Manufacturers Pte Ltd | 381,472 | 5,104,319 |
| Prysmian Spain, S.A. | 34,071 | - |
| Prysmian Cables y Sistemas S.A. | - | 704,054 |
| Others | 4,829,242 | 1,949,661 |
| | 119,378,610 | 65,375,005 |

Purchasing transactions with related parties are as follows:

| | 1 January - 31 March 2022 | 1 January - 31 March 2021 |
|--------------------------------------|--------------------------------------|--------------------------------------|
| Prysmian Finland Oy | 114,897,848 | - |
| Prysmian S.P.A | 60,813,564 | 50,694,254 |
| SILEC Cable, S.A.S. | 48,403,951 | - |
| Prysmian Cavi e Sistemi Italia S.R.L | 35,722,937 | 9,831,401 |
| Prysmian Kabel und System GmbH | 15,724,621 | 5,346,938 |
| Draka Comteq UK Ltd | 9,773,626 | 943,158 |
| Oman Aluminium Processing Industrie | 4,657,140 | - |
| Prysmian Cables & Systems Limi | 3,851,200 | - |
| Prysmian Cabluri Si Sisteme S. | 2,561,458 | - |
| Draka Comteq Germany GmbH | 2,415,634 | 978,555 |
| Fibre Ottiche Sud - F.O.S. S.R.L. | 2,376,179 | - |
| Draka Comteq Fibre BV | 1,251,743 | - |
| Prysmian MKM Magyar Kabel | - | 5,984,605 |
| Prysmian Cables & Systems B.V | - | 3,306,671 |
| Others | 5,638,277 | 2,964,715 |
| | 308,088,178 | 80,050,297 |

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FOOTNOTE 20 - TRANSACTIONS BETWEEN RELATED PARTIES (Continued)

The remuneration of members of the senior management are as follows:

| | 1 January - 31 March 2022 | 1 January - 31 March 2021 |
|-------------------------------------|--------------------------------------|--------------------------------------|
| Wages and other short term benefits | 1,698,803 | 2,097,216 |
| Others | 9,249 | 2,696 |
| | 1,708,052 | 2,099,912 |

Services purchased from related parties are as follows:

| | 1 January - 31 March 2022 | 1 January - 31 March 2021 |
|--------------------------------|--------------------------------------|--------------------------------------|
| Prysmian S.P.A. | 14,317,689 | 6,831,160 |
| Prysmian Cavi e Sistemi S.r.l. | 8,343,017 | 3,070,261 |
| | 22,660,706 | 9,901,421 |

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

TAF (Technical Assistance Fees) license agreement:

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

SAG (Service Agreement) service agreement:

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

IT (IT Service Agreement) information technologies service agreement:

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

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

The Group has announced to the stakeholders on 26 July 2019 that Prysmian Group central management reached the decision that on condition the promised three-year targets set as part of Prysmian Turkey R&D activities are achieved, the license rate of 2% would be revised as 1.25% (to be effective as from 1 January 2018).

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FOOTNOTE 21 - FOREIGN CURRENCY POSITIONS

| | <u>31 March 2022</u> | | | | <u>31 December 2021</u> | | | |
|---|--|---------------------|---------------------|------------------|--|---------------------|---------------------|------------------|
| | TRY equivalent (Functional currency - TRY) | USD | Euro | GBP | TRY equivalent (Functional currency - TRY) | USD | Euro | GBP |
| 1. Trade receivables | 576,096,052 | 22,981,313 | 14,647,479 | 33,127 | 423,703,893 | 18,681,701 | 12,246,867 | 83,077 |
| 2a. Monetary financial assets (including cash, bank) | 419,584,108 | 15,661,939 | 11,662,711 | - | 319,476,314 | 5,676,521 | 16,741,877 | - |
| 2b. Non-monetary financial assets | - | - | - | - | - | - | - | - |
| 3. Other | 402,391,563 | - | 24,673,581 | - | 126,506,910 | - | 8,616,287 | - |
| 4. Current Assets (1+2+3) | 1,398,071,723 | 38,643,252 | 50,983,771 | 33,127 | 869,687,117 | 24,358,222 | 37,605,031 | 83,077 |
| 5. Trade Receivables | - | - | - | - | - | - | - | - |
| 6a. Monetary Financial Assets | - | - | - | - | - | - | - | - |
| 6b. Non-monetary financial assets | - | - | - | - | - | - | - | - |
| 7. Other | - | - | - | - | - | - | - | - |
| 8. Non-current Assets (5+6+7) | - | - | - | - | - | - | - | - |
| 9. Total Assets (4+8) | 1,398,071,723 | 38,643,252 | 50,983,771 | 33,127 | 869,687,117 | 24,358,222 | 37,605,031 | 83,077 |
| 10. Trade Payables | (1,342,256,697) | (53,478,612) | (33,590,543) | (455,938) | (1,151,817,705) | (49,433,088) | (34,614,861) | - |
| 11. Financial Liabilities | - | - | - | - | - | - | - | - |
| 12a. Other Monetary Liabilities | (730,242,091) | (8,565,631) | (37,003,639) | - | (614,964,409) | (6,818,436) | (35,782,566) | - |
| 12b. Other Non-monetary Assets | - | - | - | - | - | - | - | - |
| 13. Short-term Liabilities (10+11+12) | (2,072,498,788) | (62,044,243) | (70,594,182) | (455,938) | (1,766,782,114) | (56,251,524) | (70,397,427) | - |
| 14. Trade Receivables | - | - | - | - | - | - | - | - |
| 15. Financial Liabilities | - | - | - | - | - | - | - | - |
| 16 a. Other Monetary Liabilities | - | - | - | - | - | - | - | - |
| Other Non-monetary Liabilities | - | - | - | - | - | - | - | - |
| 17. Long-term Liabilities (14+15+16) | - | - | - | - | - | - | - | - |
| 18. Total Liabilities (13+17+12) | (2,072,498,788) | (62,044,243) | (70,594,182) | (455,938) | (1,766,782,114) | (56,251,524) | (70,397,427) | - |
| 19. Net asset/(liability) position of off balance sheet derivative instruments (19a-19b) | (182,766,050) | (24,350,000) | 10,700,000 | - | (173,361,035) | (35,300,000) | 19,450,000 | - |
| 19.a. Asset Position of Off-Balance Sheet Derivative Instruments Denominated in Foreign Currency | 174,502,020 | - | 10,700,000 | - | 285,570,735 | - | 19,450,000 | - |
| 19.b. Liability Position of Off-Balance Sheet Derivative Instruments Denominated in Foreign Currency | (357,268,070) | (24,350,000) | - | - | (458,931,770) | (35,300,000) | - | - |
| 20. Net Foreign Currency Asset/(Liability) Position (9+18+19) | (857,193,115) | (47,750,991) | (8,910,411) | (422,811) | (1,070,456,032) | 3,406,698 | (13,342,396) | 83,077 |
| 21. Monetary Items, Net Foreign Currency Asset/(Liability) Position (UFRS 7.B23) (=1+2a+5+6a+10+11+12a+14+15+16) | (1,076,818,628) | (23,400,991) | (44,283,992) | (422,811) | (1,023,601,907) | (31,893,302) | (41,408,683) | 83,077 |
| 22. Fair value of the financial instruments used in foreign currency hedging | (182,766,050) | (24,350,000) | 10,700,000 | - | (173,361,035) | (35,300,000) | 19,450,000 | - |
| 23. Hedged part of foreign currency assets** | 174,502,020 | - | 10,700,000 | - | 285,570,735 | - | 19,450,000 | - |
| 24. Hedged part of foreign currency liabilities*** | (357,268,070) | (24,350,000) | - | - | (458,931,770) | (35,300,000) | - | - |
| 25. Total export | 342,886,965 | 10,129,671 | 12,956,061 | 33,127 | 862,647,437 | 45,975,288 | 40,944,504 | 2,184,292 |
| 26. Total import | 277,540,011 | 2,668,404 | 14,838,843 | 100 | 939,227,984 | 27,811,853 | 65,999,787 | 10,537 |

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FOOTNOTE 21 - FOREIGN CURRENCY POSITIONS (Continued)

| | 31 March 2022 | |
|--|---|---|
| | Profit/Loss Appreciation of foreign currency | Profit/Loss Depreciation of foreign currency |
| US Dollars exchange rate changes by 10%: | | |
| US Dollar net asset/liability | (34,434,405) | 34,434,405 |
| Amount protected against US Dollar risk (-) | 35,663,010 | (35,663,010) |
| US Dollar net effect | 1,228,605 | (1,228,605) |
| Euro exchange rate changes by 10%: | | |
| Euro net asset/liability | (32,187,342) | 32,187,342 |
| Amount protected against Euro (-) | 17,481,660 | (17,481,660) |
| Euro net effect | (14,705,682) | 14,705,682 |
| Other foreign currency net asset/liability | (816,906) | 816,906 |
| Amount protected against other currency risk (-) | 812,347 | (812,347) |
| Other currency net effect | (4,559) | 4,559 |
| Total | (13,481,636) | 13,481,636 |

| | 31 December 2021 | |
|--|---|---|
| | Profit/Loss Appreciation of foreign currency | Profit/Loss Depreciation of foreign currency |
| US Dollars exchange rate changes by 10%: | | |
| US Dollar net asset/liability | (41,520,506) | 41,520,506 |
| Amount protected against US Dollar risk (-) | 45,812,340 | (45,812,340) |
| US Dollar net effect | 4,291,834 | (4,291,834) |
| Euro exchange rate changes by 10%: | | |
| Euro net asset/liability | (48,335,868) | 48,335,868 |
| Amount protected against Euro (-) | 28,609,005 | (28,609,005) |
| Euro net effect | (19,726,863) | 19,726,863 |
| If other currencies change by 10% in average: | | |
| Other foreign currency net asset/liability | 144,994 | (144,994) |
| Amount protected against other currency risk (-) | - | - |
| Other currency net effect | 144,994 | (144,994) |
| Total | (15,290,035) | 15,290,035 |

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

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

Classification of Financial Instruments

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

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

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

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

Financial assets

It is considered that fair value of balances denominated in foreign currency, which are converted using the foreign exchange rate at the end of the period, approximate their book value. Cash and cash equivalents are recognized at fair value. It is assumed that the fair values of trade receivables and receivables from related parties approximate their book values due to their short-term nature. Derivative instruments are recognized at their fair values.

Financial liabilities

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

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

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

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

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

| Financial assets/Financial liabilities | Fair Value | | Fair Value level | Valuation technique |
|---|---------------|------------------|------------------|---|
| | 31 March 2022 | 31 December 2021 | | |
| Foreign exchange forward contracts financial assets / (liabilities) | 7,312,795 | 113,812,719 | Level 2 | Future cash flows predicted by using forward exchange rates (forward exchange rates observable at the end of term) and contract rates are discounted by using a rate which reflects credit risk of various parties. |