

**ENKA İNŞAAT VE SANAYİ  
ANONİM ŞİRKETİ  
AND ITS SUBSIDIARIES**

Condensed Consolidated Interim Financial  
Statements as at and for the Nine-Months  
Period Ended  
30 September 2023

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# ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2023

(Amounts are expressed in thousands of U.S. Dollars ("USD") unless otherwise stated.)

ASSETS	Note	30 September 2023	31 December 2022
<b>Current Assets</b>		<b>3,639,855</b>	<b>3,536,158</b>
Cash and cash equivalents		1,125,035	1,026,291
Financial investments	13	1,605,382	1,478,120
Trade receivables		300,375	312,974
Other receivables			
Other receivables from related parties		3	-
Other receivables from third parties		8,051	7,146
Inventories		292,355	372,327
Prepaid expenses		225,075	232,137
Costs and estimated earnings in excess of billings on uncompleted contracts	5	28,653	28,255
Other current assets		40,760	62,375
		<u>3,625,689</u>	<u>3,519,625</u>
Assets held for sale		14,166	16,533
<b>Non-Current Assets</b>		<b>4,675,527</b>	<b>5,044,379</b>
Financial investments	13	2,116,067	2,092,693
Investment properties	6	1,740,978	2,028,224
Property, plant and equipment		715,496	819,799
Right of use assets		57,887	59,524
Intangible assets			
Other intangible assets		15,209	16,487
Deferred tax assets		25,693	21,563
Prepaid expenses		4,139	6,021
Other non-current assets		58	68
<b>TOTAL ASSETS</b>		<b><u>8,315,382</u></b>	<b><u>8,580,537</u></b>

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

# ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2023

(Amounts are expressed in thousands of U.S. Dollars ("USD") unless otherwise stated.)

		30 September 2023	31 December 2022
LIABILITIES	Note		
<b>Current Liabilities</b>		<b>1,324,719</b>	<b>1,481,853</b>
Short-term borrowings		17,423	56,347
Current portion of long-term borrowings		3,692	4,908
Trade payables		338,232	451,180
Payables to employees		23,199	17,427
Other payables			
Payables to related parties		6	7
Payables to third parties		17,599	18,546
Billings in excess of costs and estimated earnings on uncompleted contracts	5	465,632	423,591
Deferred income		325,095	358,784
Taxation on income		46,366	59,001
Provisions			
Provisions for employee benefits		9,289	9,621
Other provisions		50,578	42,676
Other current liabilities		27,608	39,765
<b>Non-Current Liabilities</b>		<b>490,471</b>	<b>552,246</b>
Long-term borrowings		99,145	127,189
Other payables		22,922	24,674
Deferred income		1,311	4,528
Provisions for employee benefits		14,621	19,218
Deferred tax liabilities		352,472	376,637
<b>EQUITY</b>		<b>6,500,192</b>	<b>6,546,438</b>
<b>Equity Attributable to Equity Holders of the Parent</b>		<b>6,417,666</b>	<b>6,471,053</b>
Share capital	10	2,751,959	2,751,959
Treasury Shares	10	(126,701)	(127,194)
Revaluation surplus		180,969	195,343
Currency translation difference		(1,652,362)	(1,381,980)
Other reserves		(8,028)	(5,933)
Legal reserves and accumulated profit		5,271,829	5,038,858
<b>Non-Controlling Interests</b>		<b>82,526</b>	<b>75,385</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>8,315,382</b>	<b>8,580,537</b>

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

# ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

(Amounts are expressed in thousands of U.S. Dollars (“USD”) unless otherwise stated.)

	Note	1 January- 30 September 2023	1 January- 30 September 2022	1 July- 30 September 2023	1 July- 30 September 2022
<b>CONTINUING OPERATIONS</b>					
Revenue	4	2,509,229	2,785,911	878,896	1,166,848
Cost of revenues (-)	4	(1,962,399)	(2,118,905)	(694,284)	(905,840)
<b>GROSS PROFIT</b>		<b>546,830</b>	<b>667,006</b>	<b>184,612</b>	<b>261,008</b>
Administrative expenses (-)	4	(115,881)	(69,859)	(24,715)	(16,224)
Marketing, selling and distribution expenses (-)	4	(20,667)	(16,199)	(7,586)	(5,385)
Other operating income	4	78,898	21,509	22,712	130
Other operating expenses (-)	4	(51,774)	(32,488)	(11,112)	(6,626)
<b>PROFIT FROM OPERATIONS</b>		<b>437,406</b>	<b>569,969</b>	<b>163,911</b>	<b>232,903</b>
Income from investing activities	4,11	324,132	201,941	30,680	52,096
Expenses from investing activities (-)	4,11	(131,844)	(989,709)	(2,774)	(121,708)
<b>OPERATING PROFIT</b>					
<b>BEFORE FINANCE EXPENSES</b>		<b>629,694</b>	<b>(217,799)</b>	<b>191,817</b>	<b>163,291</b>
Financial income	4	59,173	129,163	21,704	42,321
Financial expenses (-)	4	(61,460)	(40,787)	(25,519)	(11,547)
<b>PROFIT BEFORE TAX</b>					
<b>FROM CONTINUING OPERATIONS</b>		<b>627,407</b>	<b>(129,423)</b>	<b>188,002</b>	<b>194,065</b>
Current tax expense (-)		(142,119)	(146,484)	(49,225)	(57,155)
Deferred tax income / (expense)		(15,790)	84,078	4,727	5,829
<b>NET PROFIT (LOSS) FOR THE PERIOD</b>		<b>469,498</b>	<b>(191,829)</b>	<b>143,504</b>	<b>142,739</b>
<b>Attributable to:</b>					
Non-controlling interest		17,628	3,644	7,429	3,085
Equity holders of the parent		451,870	(195,473)	136,075	139,654
		<b>469,498</b>	<b>(191,829)</b>	<b>143,504</b>	<b>142,739</b>
<b>Earning / (Loss) per share from continuing operations</b>					
- ordinary share certificate (full USD)		0.08	(0.03)	0.02	0.02
<b>Weighted average number of shares</b>					
(1 dollar weighted average shares)		5,862,743,582	5,862,743,582	5,862,743,582	5,862,743,582

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

**ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES****CONDENSED CONSOLIDATED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 30 SEPTEMBER 2023**

(Amounts are expressed in thousands of U.S. Dollars (“USD”) unless otherwise stated.)

	1 January- 30 September 2023	1 January- 30 September 2022	1 July- 30 September 2023	1 July- 30 September 2022
<b>NET PROFIT FOR THE PERIOD</b>	<b>469,498</b>	<b>(191,829)</b>	<b>143,504</b>	<b>142,739</b>
<b>Other Comprehensive Income / (Expense):</b>				
<b>Items that will not be reclassified subsequently to profit or loss</b>	<b>(12,782)</b>	<b>(256)</b>	<b>(2,115)</b>	<b>(1,226)</b>
Changes in currency translation difference in revaluation fund of property	(12,782)	(256)	(2,115)	(1,226)
<b>Items that may be reclassified subsequently to profit or loss</b>	<b>(381,888)</b>	<b>38,625</b>	<b>(110,853)</b>	<b>(224,418)</b>
Changes in currency translation difference	(381,860)	38,357	(110,853)	(224,688)
Gains (Losses) on financial assets measured at fair value through other comprehensive income	(28)	268	-	270
<b>OTHER COMPREHENSIVE INCOME / (LOSS)</b>	<b>(394,670)</b>	<b>38,369</b>	<b>(112,968)</b>	<b>(225,644)</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>74,828</b>	<b>(153,460)</b>	<b>30,536</b>	<b>(82,905)</b>
<b>Attributable to:</b>				
Non-controlling interest	16,266	(6,664)	5,170	(1,951)
Equity holders of the parent	58,562	(146,796)	25,366	(80,954)
	<b>74,828</b>	<b>(153,460)</b>	<b>30,536</b>	<b>(82,905)</b>

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

# ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2023

(Amounts are expressed in thousands of U.S. Dollars (“USD”) unless otherwise stated.)

	Share capital	Treasury Shares	Revaluation surplus	Currency translation difference	Other reserves	Legal reserves and accumulated profit	Total	Non-controlling interests	Total equity
<b>Balance at 1 January 2022</b>	<b>2,727,682</b>	<b>(129,468)</b>	<b>110,445</b>	<b>(1,429,824)</b>	<b>(700)</b>	<b>5,396,559</b>	<b>6,674,694</b>	<b>66,890</b>	<b>6,741,584</b>
Total other comprehensive income	-	-	(256)	226,408	270	(177,745)	48,677	(10,308)	38,369
Profit for the period	-	-	-	-	-	(195,473)	(195,473)	3,644	(191,829)
Total comprehensive income	-	-	(256)	226,408	270	(373,218)	(146,796)	(6,664)	(153,460)
Increase (Decrease) through Treasury Share Transactions	-	456	-	-	-	-	456	-	456
Transfer of depreciation difference (net of deferred tax) of revaluation effect	-	-	(155)	-	-	155	-	-	-
Share capital increase	24,277	-	-	-	-	(24,277)	-	-	-
Dividends paid	-	-	-	-	-	(273,218)	(273,218)	(298)	(273,516)
<b>Balance at 30 September 2022</b>	<b>2,751,959</b>	<b>(129,012)</b>	<b>110,034</b>	<b>(1,203,416)</b>	<b>(430)</b>	<b>4,726,001</b>	<b>6,255,136</b>	<b>59,928</b>	<b>6,315,064</b>
<b>Balance at 1 January 2023</b>	<b>2,751,959</b>	<b>(127,194)</b>	<b>195,343</b>	<b>(1,381,980)</b>	<b>(5,933)</b>	<b>5,038,858</b>	<b>6,471,053</b>	<b>75,385</b>	<b>6,546,438</b>
Total other comprehensive income	-	-	(14,235)	(270,382)	(2,095)	(106,596)	(393,308)	(1,362)	(394,670)
Profit for the period	-	-	-	-	-	451,870	451,870	17,628	469,498
Total comprehensive income	-	-	(14,235)	(270,382)	(2,095)	345,274	58,562	16,266	74,828
Increase (Decrease) through Treasury Share Transactions	-	493	-	-	-	-	493	-	493
Transfer of depreciation difference (net of deferred tax) of revaluation effect	-	-	(139)	-	-	139	-	-	-
Dividends paid	-	-	-	-	-	(112,442)	(112,442)	(9,125)	(121,567)
<b>Balance at 30 September 2023</b>	<b>2,751,959</b>	<b>(126,701)</b>	<b>180,969</b>	<b>(1,652,362)</b>	<b>(8,028)</b>	<b>5,271,829</b>	<b>6,417,666</b>	<b>82,526</b>	<b>6,500,192</b>

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

# ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

(Amounts are expressed in thousands of U.S. Dollars (“USD”) unless otherwise stated.)

	1 January- 30 September 2023	1 January- 30 September 2022
<b>Cash flows from operating activities</b>		
Profit for the period	469,498	(191,829)
Adjustments to reconcile net income to net cash used in operating activities:		
- Adjustments related to depreciation and amortisation	51,959	59,308
- Adjustments related to provision for employment	806	1,743
- Adjustments related to allowance for doubtful receivables	117	-
- Adjustments related to provision for litigations	1,695	3,086
- (Income) / loss from fair value of forward transactions	(3,510)	(6,391)
- Adjustments to related to interest expense	2,868	4,699
- Adjustments to related to interest income	(66,483)	(79,968)
- Adjustments to related to dividend income	(14,013)	(19,250)
- Adjustments to related to provision for inventory impairment, net	(579)	(859)
- Adjustments to related to gain on sale or disposal of property, plant and equipment, net	(6,532)	(5,889)
- Adjustments to related to fair value increase in investment properties	-	81,408
- Adjustments to related to valuation of investment securities	(147,360)	781,069
- Interest accrual	86	273
- Tax expense	157,909	62,406
	446,461	689,806
Movements in working capital		
Change in trade and other receivables	12,619	(46,865)
Change cost and estimated earnings in excess of billings on uncompleted contracts	(398)	(15,353)
Change in inventory	80,551	(76,231)
Change in other current assets and other non current assets	32,028	(12,698)
Change in trade and other payables	(112,948)	(10,634)
Change in billings in excess of cost and estimated earnings on uncompleted contracts	42,041	(141,133)
Change provision for liabilities and other liabilities	(38,702)	(82,148)
	15,191	(385,062)
Income taxes paid	(154,754)	(109,363)
Employee termination benefits paid	(3,988)	(522)
<b>Net cash generated from operating activities</b>	<b>302,910</b>	<b>194,859</b>
<b>Cash flows from investing activities</b>		
Purchases of financial investments	(874,554)	(1,597,528)
Sale of financial investments	871,279	874,974
Proceeds on disposal or sale of property, plant and equipment	12,709	17,310
Purchases of property, plant and equipment, intangible assets and investment properties	(65,411)	(50,015)
Interest received	39,078	50,391
Dividend received	14,013	19,250
<b>Net cash used in investing activities</b>	<b>(2,886)</b>	<b>(685,618)</b>
<b>Cash flows from financing activities</b>		
Addition to borrowings	51,527	73,717
Repayments of borrowings	(90,197)	(67,029)
Sale of treasury shares	493	456
Interest received	27,319	29,304
Interest paid	(2,506)	(4,737)
Dividend paid to non-controlling interests	(9,125)	(298)
Dividend paid	(112,442)	(273,218)
<b>Net cash used in financing activities</b>	<b>(134,931)</b>	<b>(241,805)</b>
Translation reserve	(66,349)	(102,866)
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>98,744</b>	<b>(835,430)</b>
Cash and cash equivalents at beginning of the period	1,026,291	2,061,707
<b>Cash and cash equivalents at end of the period</b>	<b>1,125,035</b>	<b>1,226,277</b>

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



## ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

(Amounts are expressed as thousands of U.S. Dollars (“USD”) unless otherwise stated. Currencies other than USD are expressed in thousands unless otherwise indicated.)

#### 1. ORGANIZATIONS AND OPERATIONS OF THE GROUP

Enka İnşaat ve Sanayi Anonim Şirketi (“the Group”) was established on 4 December 1967 and registered in İstanbul, Turkey, under the Turkish Commercial Code. The address of the headquarters and registered office of Enka İnşaat is Balmumcu, Zincirlikuyu Yolu No:10, 34349 Enka Binası Beşiktaş, İstanbul, Turkey.

As of 28 June 2002, Enka İnşaat merged legally with its publicly traded shareholder company, Enka Holding Yatırım Anonim Şirketi (“Enka Holding”), which were under the common control of Tara Holding Anonim Şirketi and Tara and Gülçelik families. As of 30 September 2023, 8.89% of the shares of Enka İnşaat is traded publicly in İstanbul Stock Exchange (“ISE”).

As of 30 September 2023, the average numbers of white and blue-collar personnel are respectively 5,010 and 17,414 (31 December 2022 – 5,131 and 16,363).

For the purpose of the condensed consolidated interim financial statements, Enka İnşaat, its consolidated subsidiaries and its joint operations are hereinafter referred to as “the Group”.

The Group operates in geographical areas below:

- i. The Group provides services in a wide array of construction activities in Türkiye, and these construction activities include thermal power plants and industrial construction projects that produce natural gas-fired electrical energy, which it constructs and operates. Additionally, the Group is operating in trading activities.
- ii. *Georgia, Turkmenistan and Kazakhstan:* engaged in construction activities. Additionally, in investment and development of real estate properties and construction and operation of shopping malls in Moscow, Russia.
- iii. Engaged in construction activities in Kenya and Libya in Africa; Saudi Arabia, Sri Lanka, India, Iraq and Mongolia in Asia; Mexico in North America and Paraguay, Brasil in South America and Bahamas in Caribbean.
- iv. *Europe:* engaged in construction and trading activities in Romania, the Netherlands, Switzerland, Greece, Germany, Serbia, Kosovo, United Kingdom, Italy and North Macedonia.

## ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

(Amounts are expressed as thousands of U.S. Dollars (“USD”) unless otherwise stated. Currencies other than USD are expressed in thousands unless otherwise indicated.)

## 2. BASIS OF PRESENTATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 2.1 Basis of accounting

The consolidated financial statements of the Group have been prepared in accordance with Turkish Financial Reporting Standards (“TFRS”) as issued by the Public Oversight Accounting and Auditing Standards Authority (“POA”) and the Uniform Chart of Accounts published by the Ministry of Treasury and Finance. The consolidated financial statements are presented in U.S. Dollars (“USD”) and all values are rounded to the nearest thousand (‘000) except when otherwise indicated.

Enka İnşaat and its subsidiaries which are incorporated in Turkey, maintain their books of accounts in accordance with the Turkish Commercial Code and Tax Law and the foreign subsidiaries maintain their books of accounts in accordance with the laws and regulations in force in the countries where they are registered. The Company prepares its statutory consolidated financial statements in Turkish Lira (“TL”) in accordance with Turkish Financial Reporting Standards (“TFRS”) issued by Public Oversight Accounting and Auditing Standards Authority of Turkey (“POA”) according to the Article 5 of the Communiqué as set out in the Communiqué serial II, No: 14.1 announcement of Capital Markets Board (“CMB”) dated 13 June 2013 related to “Capital Market Communiqué on Principles Regarding Financial Reporting”. The consolidated financial statements are based on the statutory records with adjustments and reclassifications for the purpose of fair presentation in accordance with TFRS.

The condensed consolidated interim financial statements have been prepared in accordance with Turkish Financial Reporting Standards (“TFRS”) including requirements of TAS 34 “Interim Financial Reporting”. TAS consists of Turkish Accounting Standards, Turkish Financial Reporting Standards (“TFRS”) and related appendices and interpretations.

The condensed consolidated interim financial statements have been prepared on the historical cost convention, except for financial assets at fair value through profit or loss, investment properties, land and buildings which are measured at fair values.

Approval of the financial statements:

The condensed consolidated interim financial statements are approved by the Company’s Board of Directors on 8 November 2023. The General Assembly of the Company has the right to amend and relevant regulatory bodies have the right to request the amendment of these consolidated financial statements.

#### Functional and presentation currency

As significant amount of construction operations of Enka İnşaat which form main part of the operations of the Group are carried out in U.S. Dollar or indexed to U.S. Dollar, this currency has been determined as the functional and the presentation currency of the Group in line with TAS 21. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies (i.e. any currency other than the functional currency) are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the consolidated statement of profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currencies of the Power companies’ operating in Turkey, was changed from U.S. Dollar to TL due to the changes in operations or activity in the economic environment as of 31 December 2019.

The functional currencies of foreign subsidiaries operating in Russia (Moscow Krasnye Holmy (MKH), Limited Liability Company Mosenka (Mosenka) and Limited Liability Company Enka TC (Enka TC) are Ruble. The functional currency of jointly managed subsidiaries established in Romania, Kosovo and Albania and Enka Pazarlama are the Euro. The functional currency of some subsidiaries incorporated in Turkey is TL. These companies reporting to Enka İnşaat in the currency of their respective currencies.

## ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

(Amounts are expressed as thousands of U.S. Dollars ("USD") unless otherwise stated. Currencies other than USD are expressed in thousands unless otherwise indicated.)

## 2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

### 2.1 Basis of presentation (cont'd)

#### Functional and presentation currency (cont'd)

The assets and liabilities of the subsidiaries, joint operations and branches whose functional currency is other than U.S. Dollars are translated into U.S. Dollars at the rate of exchange ruling at the balance sheet date and their consolidated statement of profit or loss are translated at the average exchange rates for the year. The exchange differences arising on the translation are taken directly to a separate component of equity as currency translation difference.

Within Turkey, official exchange rates of the Turkish Lira (TL) are determined by the Central Bank of Turkey (CBT) and are generally considered to be a reasonable approximation of market rates.

As of 30 September 2023, 31 December 2022 and 30 September 2022, the buying rates and average rates for one U.S. Dollar can be summarized as below:

	30 September 2023	31 December 2022	30 September 2022
U.S. Dollars/TL – as of balance sheet date	27.3767	18.6983	18.5187
U.S. Dollars/TL – yearly average	22.1887	16.5659	15.8812

#### Inflation accounting

The functional currencies of the Power companies' operating in Turkey, was changed from U.S. Dollar to TL due to the changes in operations or activity in the economic environment as of 31 December 2019.

In the announcement dated 20 January 2022, made by POA, it was stated that there is no need to make any adjustments within the scope of TAS 29 Financial Reporting in High Inflation Economies in the financial statements of the companies applying TFRS for the year ended 31 December 2022. Since POA has not made a new announcement regarding the application of inflation accounting, no inflation adjustment has been made in accordance with TAS 29 while preparing the consolidated financial statements as of 30 September 2023.

#### Comparative information and reclassification of prior year consolidated financial statements

The Group prepares comparative condensed consolidated interim financial statements, to enable readers to determine financial position and performance trends. For the purposes of effective comparison, comparative condensed consolidated interim financial statements can be reclassified when deemed necessary by the Group, where descriptions on significant differences are disclosed. In the current year, there is no such reclassification.

## ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

(Amounts are expressed as thousands of U.S. Dollars (“USD”) unless otherwise stated. Currencies other than USD are expressed in thousands unless otherwise indicated.)

## **2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont’d)**

### **2.1 Basis of presentation (cont’d)**

#### Basis of consolidation

The condensed consolidated interim financial statements comprise the financial statements of the parent company, its joint operations and its subsidiaries as at 30 September 2023. The condensed consolidated interim financial statements of the joint operations and the subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies.

Control is achieved when the Group:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group’s voting rights in an investee are sufficient to give it power, including:

- The size of the Group’s holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Group, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders’ meetings.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. All significant intra-group transactions and balances between Enka İnşaat and its consolidated subsidiaries and joint operations are eliminated.

Subsidiaries are all entities over which the Group has power to govern the financial and operating policies so as to benefit from its activities. Subsidiaries in which the Group owns directly or indirectly more than 50% of the voting rights, or has power to govern the financial and operating policies under a statute or agreement are consolidated. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Non-controlling interests represent the portion of consolidated statement of profit or loss and net assets not held by the Group and are presented separately in the consolidated statement of profit or loss and within equity in the consolidated balance sheet, separately from parent shareholders’ equity.

## ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

(Amounts are expressed as thousands of U.S. Dollars (“USD”) unless otherwise stated. Currencies other than USD are expressed in thousands unless otherwise indicated.)

#### **2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont’d)**

##### **2.2 Changes in the accounting policies**

The accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the last annual financial statements.

##### **2.3 Changes in Accounting Estimates and Errors**

Changes in accounting policies or accounting errors are applied retrospectively and the consolidated financial statements of the previous periods are restated. If estimated changes in accounting policies are for only one period, changes are applied on the current period but if the estimated changes effect the following periods, changes are applied both on the current and following years prospectively. There is no material change in accounting estimates of the Group in the current period.

When a significant accounting error is identified, it is corrected retrospectively and the prior year consolidated financial statements are restated. The Group did not detect any significant accounting error in the current year.

##### **2.4 Standards, amendments, and interpretations that are issued but not effective as of 30 September 2023**

###### **TFRS 17 – Insurance Contracts**

On 16 February 2019, Public Oversight Accounting and Auditing Standards Authority (POA) issued IFRS 17 Insurance Contracts. This first truly globally accepted standard for insurance contracts will help investors and others better understand insurers’ risk exposure, profitability and financial position. TFRS 17 replaces TFRS 4, which was brought in as an interim Standard in 2004. TFRS 4 has given companies dispensation to carry on accounting for insurance contracts using national accounting standards, resulting in a multitude of different approaches. As a consequence, it is difficult for investors to compare and contrast the financial performance of otherwise similar companies. TFRS 17 solves the comparison problems created by TFRS 4 by requiring all insurance contracts to be accounted for in a consistent manner, benefiting both investors and insurance companies. Insurance obligations will be accounted for using current values – instead of historical cost. The information will be updated regularly, providing more useful information to users of financial statements. TFRS 17 has an effective date of 1 January 2024.

The Group does not expect that application of TFRS 17 will have significant impact on its consolidated financial statements.

###### **Initial Application of TFRS 17 and TFRS 9—Comparative Information (Amendment to TFRS 17)**

In December 2021, International Accounting Standards Board (IASB) issued Initial Application of IFRS 17 and IFRS 9—Comparative Information (Amendment to IFRS 17). Related changes were published by POA as Amendments to TFRS 17 on 31 December 2021.

The amendment is a transition option relating to comparative information about financial assets presented on initial application of TFRS 17. The amendment is aimed at helping entities to avoid temporary accounting mismatches between financial assets and insurance contract liabilities, and therefore improve the usefulness of comparative information for users of financial statements. TFRS 17 incorporating the amendment is effective for annual reporting periods beginning on or after 1 January 2024.

The Group does not expect that application of these amendments to TFRS 17 will have significant impact on its consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2023

(Amounts are expressed as thousands of U.S. Dollars (“USD”) unless otherwise stated. Currencies other than USD are expressed in thousands unless otherwise indicated.)

**2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont’d)**

**2.4 Standards, amendments, and interpretations that are issued but not effective as of 30 September 2023 (cont’d)**

**Amendments to TFRS 4: Applying TFRS 9 Financial Instruments with TFRS 4 Insurance Contracts**

TFRS 4 has also been amended by POA within the amendments issued by IASB in order to reduce the impact of the differing effective dates of the new insurance contracts standard and TFRS 9. These amendments to TFRS 4 provide two optional solutions for insurers to reduce concerns about implementations: i) when applying TFRS 9 by insurers to its financial assets, an insurer will be permitted to reclassify the difference between profit or loss and other comprehensive income and the amounts recognised in profit or loss under TFRS 9 and those that would have been reported under TAS 39; or ii) an optional temporary exemption from applying TFRS 9 for companies whose activities are predominantly connected with insurance before January 1, 2024. These companies will be permitted to continue to apply existing requirements for financial instruments in TAS 39.

The Group does not expect that application of these amendments to TFRS 4 will have significant impact on its consolidated financial statements.

**Classification of Liabilities as Current or Non-current (Amendments to TAS 1)**

On 23 January 2020, IASB issued “Classification of Liabilities as Current or Non-Current” which amends IAS 1 Presentation of Financial Statements to clarify its requirements for the presentation of liabilities in the statement of financial position which are issued by POA on 12 March 2020 as amendments to TAS 1.

The amendments clarify one of the criteria in TAS 1 for classifying a liability as non-current—that is, the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period.

After reconsidering certain aspects of the 2020 amendments; IASB has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period. Related amendment was published by POA as “TFRS 2023” on 3 January 2023.

This right may be subject to a company complying with conditions (covenants) specified in a loan arrangement. Additional disclosure is also required for non-current liabilities subject to future covenants. The amendments also clarify how an entity classifies a liability that can be settled in its own shares.

The Group does not expect that application of these amendments to TAS 1 will have significant impact on its consolidated financial statements.

**Lease Liability in a Sale and Leaseback – Amendments to TFRS 16 Leases**

In September 2022, IASB issued Lease Liability in a Sale and Leaseback, which amends IFRS 16 Leases. Related amendment was published by POA as “TFRS 2023” on 3 January 2023. Amendments to TFRS 16 Leases impact how a seller-lessee accounts for variable lease payments that arise in a sale-and-leaseback transaction. The amendments introduce a new accounting model for variable payments and will require seller-lessees to reassess and potentially restate sale-and-leaseback transactions entered into since 2019.

The amendments confirm the following:

- On initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction.
- After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognises no gain or loss relating to the right of use it retains.

A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024, with earlier application permitted.

Under TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, a seller-lessee will need to apply the amendments retrospectively to sale-and-leaseback transactions entered into or after the date of initial application of TFRS 16. This means that it will need to identify and re-examine sale-and-leaseback transactions entered into since implementation of TFRS 16 in 2019, and potentially restate those that included variable lease payments.

The Group does not expect that application of these amendments to Amendments to TFRS 16 Leases will have significant impact on its consolidated financial statements.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2023**

(Amounts are expressed as thousands of U.S. Dollars ("USD") unless otherwise stated. Currencies other than USD are expressed in thousands unless otherwise indicated.)

**2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**

**2.4 Standards, amendments, and interpretations that are issued but not effective as of 30 September 2023 (cont'd)**

**Amendments to TAS 7 Statement of Cash Flows and TFRS 7 Financial Instruments: Disclosures – Supplier Finance Arrangements**

On 25 May 2023, IASB has amended IAS 7 Statement of Cash Flows and TFRS 7 Financial Instruments: Disclosures. Related amendment was published by POA on 19 September 2023. The amendments introduce additional disclosure requirements for companies that enter into supplier finance arrangements (referred to as supply chain finance, payables finance or reverse factoring arrangements). However, they do not address the classification and presentation of the related liabilities and cash flows.

The IASB's amendments apply to supplier finance arrangements<sup>1</sup> that have all of the following characteristics.

- A finance provider pays amounts a company (the buyer) owes its suppliers.
- A company agrees to pay under the terms and conditions of the arrangements on the same date or at a later date than its suppliers are paid.
- The company is provided with extended payment terms or suppliers benefit from early payment terms, compared with the related invoice payment due date.

The amendments do not apply to arrangements for financing receivables or inventory.

The amendments introduce two new disclosure objectives – one in TAS 7 and another in TFRS 7 – for a company to provide information about its supplier finance arrangements that would enable users (investors) to assess the effects of these arrangements on the company's liabilities and cash flows, and the company's exposure to liquidity risk.

The amendments are effective for periods beginning on or after 1 January 2024, with early application permitted. However, some relief from providing certain information in the year of initial application is available.

The Group does not expect that application of these amendments to TAS 7 Statement of Cash Flows and TFRS 7 Financial Instruments: Disclosures – Supplier Finance Arrangements will have significant impact on its consolidated financial statements.

**Amendments to TAS 12 – International Tax Reform – Pillar Two Model Rules**

IASB has amended TAS 12 to:

- Provide a temporary mandatory relief from deferred tax accounting for top-up tax; and
- Require companies to provide new disclosures to compensate for the potential loss of information resulting from the relief.

IASB has amended TAS 12 to introduce a temporary mandatory relief from accounting for deferred tax that arises from legislation implementing the GloBE model rules<sup>1</sup>. Related amendment was published by POA on 19 September 2023. Under the relief, companies are effectively exempt from providing for and disclosing deferred tax related to top-up tax. However, they need to disclose that they have applied the relief.

The relief is effective immediately and applies retrospectively in accordance with TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. It will apply until the IASB decides either to remove it or to make it permanent.

IASB has introduced new disclosures, that companies are required to provide in their financial statements from 31 December 2023. No disclosures are required in interim periods ending on or before 31 December 2023.

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of the Amendments to TAS 12.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 SEPTEMBER 2023

(Amounts are expressed as thousands of U.S. Dollars ("USD") unless otherwise stated. Currencies other than USD are expressed in thousands unless otherwise indicated.)

**2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**

**2.4 Standards, amendments, and interpretations that are issued but not effective as of 30 September 2023 (cont'd)**

*The new standards, amendments and interpretations that are issued by the IASB/ISSB but not issued by POA*

**IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures**

On 26 June 2023, The International Sustainability Standards Board (ISSB) has issued IFRS Sustainability Disclosure Standards (IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures* to create a global baseline of investor-focused sustainability reporting that local jurisdictions can build on.

The ISSB's first two standards are designed to be applied together, supporting companies to identify and report information that investors need for informed decision making – in other words, information that is expected to affect the assessments that investors make about companies' future cash flows.

To achieve this, the general standard provides a framework for companies to report on all relevant sustainability-related topics across the areas of governance, strategy, risk management, and metrics and targets.

The standards are effective from 1 January 2024, but it will be for individual jurisdictions to decide whether and when to adopt.

The Group does not expect that application of these amendments IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures will have significant impact on its consolidated financial statements.

**Lack of Exchangeability – Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates**

In August 2023, the International Accounting Standards Board (IASB) amended IAS 21 to clarify:

- When a currency is exchangeable into another currency; and
- How a company estimates a spot rate when a currency lacks exchangeability.

A currency is exchangeable into another currency when a company is able to exchange that currency for the other currency at the measurement date and for a specified purpose. When a currency is not exchangeable, a company needs to estimate a spot rate.

A company's objective when estimating a spot rate is only that it reflects the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments contain no specific requirements for estimating a spot rate.

Therefore, when estimating a spot rate a company can use:

- an observable exchange rate without adjustment; or
- another estimation technique.

Under the amendments, companies will need to provide new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements. These disclosures might include:

- The nature and financial impacts of the currency not being exchangeable;
- The spot exchange rate used;
- The estimation process; and
- Risks to the company because the currency is not exchangeable.

The amendments apply for annual reporting periods beginning on or after 1 January 2025. Earlier application is permitted.



## ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

(Amounts are expressed as thousands of U.S. Dollars ("USD") unless otherwise stated. Currencies other than USD are expressed in thousands unless otherwise indicated.)

#### 2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

##### 2.4 Standards, amendments, and interpretations that are issued but not effective as of 30 September 2023 (cont'd)

###### **Amendments to IAS 12- IFRS for SMEs Accounting Standard – International Tax Reform – Pillar Two Model Rules**

On 29 September 2023, IASB has also published amendments to Section 29 *Income Tax* of the *IFRS for SMEs* Accounting Standard. They are similar to those made to IAS 12 under the full IFRS Accounting Standards, although the approach to disclosures about exposure to the top-up tax differs.

Companies can benefit from the temporary exception in this amendment immediately. They are required to provide the disclosures set out in the amendments for annual reporting periods beginning on or after 1 January 2023.

###### **Amendments are effective on 1 January 2023**

Changes that have become effective and have been adopted for annual periods beginning on or after 1 January 2023:

- 1- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to TAS 12 Income Taxes
- 2- Definition of Accounting Estimates (Amendments to TAS 8)
- 3- Disclosure of Accounting Policies (Amendments to TAS 1)

These newly adopted amendments to standards have not been a significant impact on the consolidated financial statements of the Group.

##### 2.5 Use of judgements and estimates

In preparing these condensed consolidated interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. When a significant accounting error is identified, it is corrected retrospectively and the prior year consolidated financial statements are restated.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2022.

#### 3. CHANGES IN OPERATIONAL SEASON

The Group's operations related to construction slow down during the winter season and differ significantly from other operational areas.

# ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

(Amounts are expressed as thousands of U.S. Dollars ("USD") unless otherwise stated. Currencies other than USD are expressed in thousands unless otherwise indicated.)

### 4. SEGMENTAL INFORMATION

The Group's operating businesses are organized and managed separately according to the nature of services and products provided and has four reportable segments as follows: construction, rental, energy and trading.

#### a) Business segments

1 January - 30 September 2023						
	Construction contracts	Rental	Trade	Energy	Eliminations	Consolidated
Revenues	1,427,043	235,762	183,026	663,398	-	2,509,229
Inter-segment revenues	62,700	2,155	14,147	-	(79,002)	-
Cost of revenues (-)	(1,116,833)	(77,883)	(123,761)	(643,922)	-	(1,962,399)
Inter-segment cost of revenues (-)	(62,700)	(2,155)	(14,147)	-	79,002	-
<b>Gross profit</b>	<b>310,210</b>	<b>157,879</b>	<b>59,265</b>	<b>19,476</b>	<b>-</b>	<b>546,830</b>
Administrative expenses (-)	(91,905)	(9,399)	(6,478)	(8,099)	-	(115,881)
Marketing expenses (-)	(10,284)	(3,465)	(6,918)	-	-	(20,667)
Other operating income	40,431	22,196	9,888	6,383	-	78,898
Other operating expenses (-)	(40,098)	(3,220)	(1,898)	(6,558)	-	(51,774)
<b>Profit from operations</b>	<b>208,354</b>	<b>163,991</b>	<b>53,859</b>	<b>11,202</b>	<b>-</b>	<b>437,406</b>
Investment income	318,413	14	1,331	4,374	-	324,132
Investment expenses (-)	(130,959)	(874)	-	(11)	-	(131,844)
<b>Profit from operations before financial income / (expenses)</b>	<b>395,808</b>	<b>163,131</b>	<b>55,190</b>	<b>15,565</b>	<b>-</b>	<b>629,694</b>
Financial income	17,292	3,483	12,127	26,358	(87)	59,173
Financial expenses (-)	(20,574)	(9,720)	(30,550)	(703)	87	(61,460)
<b>Profit / (loss) before tax</b>	<b>392,526</b>	<b>156,894</b>	<b>36,767</b>	<b>41,220</b>	<b>-</b>	<b>627,407</b>
Current tax expense (-)	(93,574)	(28,738)	(10,016)	(9,791)	-	(142,119)
Deferred taxation income/ (expenses)	(9,487)	(4,765)	138	(1,676)	-	(15,790)
<b>Profit / (loss) for the period from continuing operations</b>	<b>289,465</b>	<b>123,391</b>	<b>26,889</b>	<b>29,753</b>	<b>-</b>	<b>469,498</b>
30 September 2023						
	Construction contracts	Rental	Trade	Energy		Consolidated
Segment assets	5,834,209	1,809,550	263,641	407,982		8,315,382
<b>Total assets</b>	<b>5,834,209</b>	<b>1,809,550</b>	<b>263,641</b>	<b>407,982</b>		<b>8,315,382</b>
Segment liabilities	1,203,740	380,596	132,868	97,986		1,815,190
<b>Total liabilities</b>	<b>1,203,740</b>	<b>380,596</b>	<b>132,868</b>	<b>97,986</b>		<b>1,815,190</b>
1 January - 30 September 2023						
Other segment information	Construction contracts	Rental	Trade	Energy		Consolidated
<u>Capital expenditures</u>						
Property, plant and equipment & investment property	32,157	1,207	392	31,106		64,862
Intangible assets	72	52	410	15		549
<b>Total capital expenditures</b>	<b>32,229</b>	<b>1,259</b>	<b>802</b>	<b>31,121</b>		<b>65,411</b>
Depreciation expense	36,616	1,391	1,565	9,725		49,297
Amortisation expense	2,529	16	102	15		2,662

# ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

(Amounts are expressed as thousands of U.S. Dollars ("USD") unless otherwise stated. Currencies other than USD are expressed in thousands unless otherwise indicated.)

### 4. SEGMENTAL INFORMATION (cont'd)

#### a) Business segments(cont'd)

	1 July - 30 September 2023					Consolidated
	Construction contracts	Rental	Trade	Energy	Eliminations	
Revenues	455,268	77,275	67,781	278,572	-	878,896
Inter-segment revenues	15,429	1,149	7,986	-	(24,564)	-
Cost of revenues (-)	(363,740)	(24,600)	(42,398)	(263,546)	-	(694,284)
Inter-segment cost of revenues (-)	(15,429)	(1,149)	(7,986)	-	24,564	-
<b>Gross profit</b>	<b>91,528</b>	<b>52,675</b>	<b>25,383</b>	<b>15,026</b>	<b>-</b>	<b>184,612</b>
Administrative expenses (-)	(18,976)	(2,160)	(1,441)	(2,138)	-	(24,715)
Marketing expenses (-)	(4,221)	(1,023)	(2,342)	-	-	(7,586)
Other operating income	7,061	14,916	732	3	-	22,712
Other operating expenses (-)	(7,794)	(1,058)	(135)	(2,125)	-	(11,112)
<b>Profit from operations</b>	<b>67,598</b>	<b>63,350</b>	<b>22,197</b>	<b>10,766</b>	<b>-</b>	<b>163,911</b>
Investment income	30,330	2	295	53	-	30,680
Investment expenses (-)	(2,552)	(244)	-	22	-	(2,774)
<b>Profit from operations before financial income / (expenses)</b>	<b>95,376</b>	<b>63,108</b>	<b>22,492</b>	<b>10,841</b>	<b>-</b>	<b>191,817</b>
Financial income	8,904	1,932	9,660	1,232	(24)	21,704
Financial expenses (-)	(7,925)	(126)	(17,123)	(369)	24	(25,519)
<b>Profit before tax</b>	<b>96,355</b>	<b>64,914</b>	<b>15,029</b>	<b>11,704</b>	<b>-</b>	<b>188,002</b>
Current tax expense (-)	(32,552)	(12,089)	(2,886)	(1,698)	-	(49,225)
Deferred taxation income/ (expenses)	7,483	(1,746)	174	(1,184)	-	4,727
<b>Profit for the period from continuing operations</b>	<b>71,286</b>	<b>51,079</b>	<b>12,317</b>	<b>8,822</b>	<b>-</b>	<b>143,504</b>

  

	1 July - 30 September 2023					Consolidated
	Construction contracts	Rental	Trade	Energy		
<b>Other segment information</b>						
<u>Capital expenditures</u>						
Property, plant and equipment & investment property	11,057	417	98	11,198		22,770
Intangible assets	21	21	21	-		63
<b>Total capital expenditures</b>	<b>11,078</b>	<b>438</b>	<b>119</b>	<b>11,198</b>		<b>22,833</b>
Depreciation expense	11,240	365	506	3,072		15,183
Amortisation	831	6	41	1		879

# ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

(Amounts are expressed as thousands of U.S. Dollars ("USD") unless otherwise stated. Currencies other than USD are expressed in thousands unless otherwise indicated.)

### 4. SEGMENTAL INFORMATION (cont'd)

#### a) Business segments(cont'd)

	1 January - 30 September 2022					
	Construction contracts	Rental	Trade	Energy	Eliminations	Consolidated
Revenues	1,342,808	254,060	172,793	1,016,250	-	2,785,911
Inter-segment revenues	45,147	9,194	3,996	-	(58,337)	-
Cost of revenues (-)	(966,981)	(90,654)	(128,179)	(933,091)	-	(2,118,905)
Inter-segment cost of revenues (-)	(45,147)	(9,194)	(3,996)	-	58,337	-
<b>Gross profit</b>	<b>375,827</b>	<b>163,406</b>	<b>44,614</b>	<b>83,159</b>	<b>-</b>	<b>667,006</b>
Administrative expenses (-)	(47,665)	(12,102)	(5,212)	(4,880)	-	(69,859)
Marketing expenses (-)	(4,994)	(3,390)	(6,117)	(1,698)	-	(16,199)
Other operating income	13,473	2,913	3,856	1,267	-	21,509
Other operating expenses (-)	(24,463)	(1,406)	(1,132)	(5,487)	-	(32,488)
<b>Profit from operations</b>	<b>312,178</b>	<b>149,421</b>	<b>36,009</b>	<b>72,361</b>	<b>-</b>	<b>569,969</b>
Investment income	200,997	694	-	250	-	201,941
Investment expenses (-)	(905,464)	(84,159)	-	(86)	-	(989,709)
<b>Profit from operations before financial income / (expenses)</b>	<b>(392,289)</b>	<b>65,956</b>	<b>36,009</b>	<b>72,525</b>	<b>-</b>	<b>(217,799)</b>
Financial income	41,395	8,841	8,256	70,837	(166)	129,163
Financial expenses (-)	(27,103)	(1,320)	(12,228)	(302)	166	(40,787)
<b>Profit before tax</b>	<b>(377,997)</b>	<b>73,477</b>	<b>32,037</b>	<b>143,060</b>	<b>-</b>	<b>(129,423)</b>
Current tax expense (-)	(70,048)	(27,095)	(6,802)	(42,539)	-	(146,484)
Deferred taxation income/ (expenses)	49,446	10,792	(293)	24,133	-	84,078
<b>Profit for the period from continuing operations</b>	<b>(398,599)</b>	<b>57,174</b>	<b>24,942</b>	<b>124,654</b>	<b>-</b>	<b>(191,829)</b>
	31 December 2022					
	Construction contracts	Rental	Trade	Energy		Consolidated
Segment assets	5,743,684	2,111,489	240,332	485,032		8,580,537
<b>Total assets</b>	<b>5,743,684</b>	<b>2,111,489</b>	<b>240,332</b>	<b>485,032</b>		<b>8,580,537</b>
Segment liabilities	1,258,678	442,921	125,638	206,862		2,034,099
<b>Total liabilities</b>	<b>1,258,678</b>	<b>442,921</b>	<b>125,638</b>	<b>206,862</b>		<b>2,034,099</b>
	1 January - 30 September 2022					
<b>Other segment information</b>	Construction contracts	Rental	Trade	Energy		Consolidated
<u>Capital expenditures</u>						
Property, plant and equipment & investment property	32,250	13,566	1,413	2,310		49,539
Intangible assets	229	46	185	16		476
<b>Total capital expenditures</b>	<b>32,479</b>	<b>13,612</b>	<b>1,598</b>	<b>2,326</b>		<b>50,015</b>
Depreciation expense	39,142	1,577	1,371	12,896		54,986
Amortisation expense	4,199	55	47	21		4,322

# ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

(Amounts are expressed as thousands of U.S. Dollars ("USD") unless otherwise stated. Currencies other than USD are expressed in thousands unless otherwise indicated.)

### 4. SEGMENTAL INFORMATION (cont'd)

#### a) Business segments(cont'd)

	1 July - 30 September 2022					
	Construction contracts	Rental	Trade	Energy	Eliminations	Consolidated
Revenues	512,742	85,372	65,801	502,933	-	1,166,848
Inter-segment revenues	25,454	9,194	1,026	-	(35,674)	-
Cost of revenues (-)	(350,906)	(34,033)	(48,493)	(472,408)	-	(905,840)
Inter-segment cost of revenues (-)	(25,454)	(9,194)	(1,026)	-	35,674	-
<b>Gross profit</b>	<b>161,836</b>	<b>51,339</b>	<b>17,308</b>	<b>30,525</b>	<b>-</b>	<b>261,008</b>
Administrative expenses (-)	(11,271)	(2,224)	(1,213)	(1,516)	-	(16,224)
Marketing expenses (-)	(1,754)	(1,331)	(2,292)	(8)	-	(5,385)
Other operating income	(2,269)	2,112	(310)	597	-	130
Other operating expenses (-)	(5,009)	(634)	58	(1,041)	-	(6,626)
<b>Profit from operations</b>	<b>141,533</b>	<b>49,262</b>	<b>13,551</b>	<b>28,557</b>	<b>-</b>	<b>232,903</b>
Investment income	51,346	677	-	73	-	52,096
Investment expenses (-)	(119,994)	(1,630)	-	(84)	-	(121,708)
<b>Profit from operations before financial income / (expenses)</b>	<b>72,885</b>	<b>48,309</b>	<b>13,551</b>	<b>28,546</b>	<b>-</b>	<b>163,291</b>
Financial income	6,896	5,099	8,110	22,265	(49)	42,321
Financial expenses (-)	(7,161)	4,398	(8,764)	(69)	49	(11,547)
<b>Profit before tax</b>	<b>72,620</b>	<b>57,806</b>	<b>12,897</b>	<b>50,742</b>	<b>-</b>	<b>194,065</b>
Current tax expense (-)	(38,268)	(7,996)	(3,122)	(7,769)	-	(57,155)
Deferred taxation income/ (expenses)	8,565	(3,227)	144	347	-	5,829
<b>Profit for the period from continuing operations</b>	<b>42,917</b>	<b>46,583</b>	<b>9,919</b>	<b>43,320</b>	<b>-</b>	<b>142,739</b>

  

	1 July - 30 September 2022				
	Construction contracts	Rental	Trade	Energy	Consolidated
<b>Other segment information</b>					
<u>Capital expenditures</u>					
Property, plant and equipment & investment property	4,566	2,394	217	751	7,928
Intangible assets	129	8	6	13	156
<b>Total capital expenditures</b>	<b>4,695</b>	<b>2,402</b>	<b>223</b>	<b>764</b>	<b>8,084</b>
Depreciation expense	11,998	848	485	3,393	16,724
Amortisation expense	1,462	11	17	6	1,496

# ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

(Amounts are expressed as thousands of U.S. Dollars ("USD") unless otherwise stated. Currencies other than USD are expressed in thousands unless otherwise indicated.)

### 4. SEGMENTAL INFORMATION (cont'd)

#### b) Geographical segments

1 January - 30 September 2023						
	Turkey	Russian Federation, Kazakhstan and Georgia	Europe	Other	Eliminations	Consolidated
Net sales	1,350,390	743,186	235,360	180,293	-	2,509,229
Inter-segment sales	76,847	2,155	-	-	(79,002)	-
Capital expenditures	49,794	8,809	4,956	1,852	-	65,411
30 September 2023						
	Turkey	Russian Federation, Kazakhstan and Georgia	Europe	Other	Eliminations	Consolidated
Segmental assets	4,824,491	2,601,873	648,437	240,581	-	8,315,382
1 July - 30 September 2023						
	Turkey	Russian Federation, Kazakhstan and Georgia	Europe	Other	Eliminations	Consolidated
Net sales	506,846	203,258	108,211	60,581	-	878,896
Inter-segment sales	23,415	1,149	-	-	(24,564)	-
Capital expenditures	16,413	2,154	3,836	430	-	22,833
1 January - 30 September 2022						
	Turkey	Russian Federation, Kazakhstan and Georgia	Europe	Other	Eliminations	Consolidated
Net sales	1,523,521	797,863	160,367	304,160	-	2,785,911
Inter-segment sales	49,143	9,194	-	-	(58,337)	-
Capital expenditures	21,001	20,970	5,525	2,519	-	50,015
31 December 2022						
	Turkey	Russian Federation, Kazakhstan and Georgia	Europe	Other	Eliminations	Consolidated
Segmental assets	4,969,278	2,884,150	465,952	261,157	-	8,580,537
1 July - 30 September 2022						
	Turkey	Russian Federation, Kazakhstan and Georgia	Europe	Other	Eliminations	Consolidated
Net sales	720,569	304,980	58,038	83,261	-	1,166,848
Inter-segment sales	26,480	9,194	-	-	(35,674)	-
Capital expenditures	5,067	2,847	57	113	-	8,084

## ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

(Amounts are expressed as thousands of U.S. Dollars ("USD") unless otherwise stated. Currencies other than USD are expressed in thousands unless otherwise indicated.)

#### 5. CONSTRUCTION CONTRACTS

The Group's construction contract details as of 30 September 2023 and 31 December 2022 is as follows:

	30 September 2023	31 December 2022
Costs incurred on uncompleted contracts	2,881,440	2,306,568
Recognized profit less recognized losses to date, net	965,564	741,934
	<u>3,847,004</u>	<u>3,048,502</u>
Less: Progress billing	(4,283,983)	(3,443,838)
	<u>(436,979)</u>	<u>(395,336)</u>
	30 September 2023	31 December 2022
Costs and estimated earnings in excess of billings on uncompleted contracts	28,653	28,255
Billings in excess of costs and estimated earnings on uncompleted contracts	(465,632)	(423,591)
	<u>(436,979)</u>	<u>(395,336)</u>

As of 30 September 2023, the amount of advances received of subsidiaries and companies shares in joint operations is USD 275,744 (31 December 2022: USD 314,850).

#### 6. INVESTMENT PROPERTIES

As of 30 September 2023 and 31 December 2022, movement of investment properties is as follows:

	1 January - 30 September 2023	1 January - 31 December 2022
Opening balance	2,028,224	2,030,204
Currency translation difference	(287,518)	58,539
Change in fair value, net	-	(83,274)
Additions	272	-
Change in present value of lease obligations	-	22,755
Closing balance	<u>1,740,978</u>	<u>2,028,224</u>

#### 7. PROPERTY, PLANT AND EQUIPMENT

During the period ended 30 September 2023 the Group purchased property plant and equipment amounting to USD 64,590 (30 September 2022: USD 38,775). In addition, during the period ended 30 September 2023 net book value of USD 6,177 (30 September 2022: USD 11,421) property plant and equipment sold for USD 12,709 (30 September 2022: USD 17,310).

## ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

(Amounts are expressed as thousands of U.S. Dollars ("USD") unless otherwise stated. Currencies other than USD are expressed in thousands unless otherwise indicated.)

#### 8. COMMITMENTS

##### Litigations

During the period ended 30 September 2023, the Group does not have any legal claims or progress to existing legal claims that need additional explanation other than disclosed as of 31 December 2022 the consolidated financial statements. The Group properly records the provision related to these carried forward legal claims. Provision rates and probable outflows are considered while estimating the provisions. The Group does not record provision for the legal claims that would not result in a probable cash outflow.

##### Commitments and contingencies

The breakdown of letters of guarantee, guarantee notes given, mortgage and pledges (together referred to as Guarantees) by the Group as of 30 September 2023 and 31 December 2022 is as follows:

Letters of guarantee, guarantee notes given, mortgage and pledges	30 September 2023		31 December 2022	
	Original Currency	USD Equivalent	Original Currency	USD Equivalent
A. Total amount of guarantees provided by the Company on behalf of itself		712,985		870,087
-USD	123,830	123,830	235,647	235,647
-EUR	296,552	314,466	258,055	275,121
-TL	1,223,667	44,697	929,292	49,699
-Others (*)		229,991		309,620
B. Total amount for guarantees provided on behalf of subsidiaries accounted under full consolidation method		22,806		92,105
-USD	4,221	4,221	4,354	4,354
-EUR	-	-	-	-
-TL	822	30	822	44
-Others (*)		18,554		87,707
C. Provided on behalf of third parties in order to maintain operating activities (to secure third party payables)	-	-	-	-
D. Other guarantees given	-	-	-	-
i. Total amount of guarantees given on behalf of the parent company	-	-	-	-
ii. Total amount of guarantees provided on behalf of the associates which are not in the scope of B and C	-	-	-	-
iii. Total amount of guarantees provided on behalf of third parties which are not in the scope of C	-	-	-	-
		<u>735,790</u>		<u>962,192</u>

(\*) U.S Dollar equivalents of letters of guarantee, guarantee notes given, mortgage and pledges other than USD, TL and EUR. As of 30 September 2023 the portion of other guarantess given to shareholders' equity is 0% (31 December 2022 - 0%).



## ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

(Amounts are expressed as thousands of U.S. Dollars ("USD") unless otherwise stated. Currencies other than USD are expressed in thousands unless otherwise indicated.)

#### 9. RELATED PARTY BALANCES AND TRANSACTIONS

No extraordinary or significant transaction is realized with related parties throughout the interim period.

#### 10. SHARE CAPITAL AND RESERVES

The shareholders of the Group and their percentage of ownership as of 30 September 2023 and 31 December 2022 is as follows:

	30 September 2023		31 December 2022	
	Percentage of ownership	Amount	Percentage of ownership	Amount
Tara Holding A.Ş.	49.80%	1,370,476	49.80%	1,370,476
Vildan Gülçelik	7.99%	219,931	7.99%	219,931
Sevda Gülçelik	6.43%	176,951	6.43%	176,951
Enka Spor Eğitim ve Sosyal Yardım Vakfı	5.87%	161,540	5.87%	161,540
Other	29.91%	823,061	29.91%	823,061
	100%	2,751,959	100%	2,751,959
Purchase of treasury shares		(126,701)		(127,194)
		2,625,258		2,624,765

Based on the Group's Ordinary General Assembly held on 28 March 2023; regarding to the distribution of the year 2022 profit, it has been resolved to distribute dividend to its shareholders for each TL 1 (full TL) nominal valued share net in total TL 2,180,000 (2022 - TL 3,920,000); further it has been resolved to distribute TL 35,615 (2022 - TL 61,026) as cash dividend to founder shares. The Dividend decided to be distributed was distributed on 12 April 2023.

# ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

(Amounts are expressed as thousands of U.S. Dollars ("USD") unless otherwise stated. Currencies other than USD are expressed in thousands unless otherwise indicated.)

### 11. INVESTMENT INCOME / EXPENSES

	1 January - 30 September 2023	1 January - 30 September 2022
<b>Income from investing activities</b>		
Interest income from financial investments	39,078	50,391
Increase in value of financial investments*	147,360	-
Foreign exchange income from investing activities	15,667	30,093
Income from sale of securities	101,353	96,011
Dividend income	14,013	19,250
Gains from sales of property, plant and equipment	6,661	6,196
	<u>324,132</u>	<u>201,941</u>
<b>Expenses from investing activities</b>		
	1 January - 30 September 2023	1 January - 30 September 2022
Decrease in the fair value of investment properties	-	(81,408)
Losses from valuation of investment securities*	-	(781,069)
Foreign exchange losses from investing activities	(5,140)	(105,275)
Losses from sale of securities	(126,575)	(21,650)
Loss from sales of property, plant and equipment	(129)	(307)
	<u>(131,844)</u>	<u>(989,709)</u>

\*"Increase in value of financial investments" classified under Income from Investing Activities is the valuation profit resulting from valuation of Financial Investments amounting to USD 3,721,449 in the Group's balance sheet within the scope of IFRS 9. The breakdown of this valuation profit by financial assets is as follows.

	30 September 2023	30 September 2022
<b>Financial assets at fair value through profit or loss</b>		
Private sector bonds	9,010	(32,996)
Foreign Government bonds	75,617	(206,276)
Equity securities	56,510	(415,823)
Turkish Government bonds	3,166	(27,389)
Mutual funds	3,057	(98,585)
	<u>147,360</u>	<u>(781,069)</u>

## ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

(Amounts are expressed as thousands of U.S. Dollars ("USD") unless otherwise stated. Currencies other than USD are expressed in thousands unless otherwise indicated.)

#### 12. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

##### Foreign currency risk

The Group is exposed to foreign exchange risk arising from various currency exposures primarily with respect to Euro, Russian Ruble, TL and also U.S Dollar which arises from the liabilities belonging to the companies in the consolidation scope, whose the functional currency is not U.S Dollar.

The Group is engaged in construction, trading, energy and real estate operations business in several countries and, as a result, is exposed to movements in foreign currency exchange rates. In addition to transactional exposures, the Group is also exposed to foreign exchange movements on its net investments in foreign subsidiaries.

The Group manages foreign currency risk by using natural hedges that arise from offsetting foreign currency denominated assets and liabilities.

The foreign currency risk of the Group arises from the credits used in U.S. Dollars and Euro. In order to mitigate the risk, the Group continuously monitors its cash inflows/outflows and also uses financial instruments to hedge the risk when it is necessary.

The following table details the Group's foreign currency position as at 30 September 2023 and 31 December 2022:

	<u>30 September 2023</u>	<u>31 December 2022</u>
A. Assets denominated in foreign currency	1,136,717	1,031,849
B. Liabilities denominated in foreign currency	<u>(437,217)</u>	<u>(517,706)</u>
Net foreign currency position (A+B)	<u>699,500</u>	<u>514,143</u>

# ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

(Amounts are expressed as thousands of U.S. Dollars ("USD") unless otherwise stated. Currencies other than USD are expressed in thousands unless otherwise indicated.)

### 12. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

#### Foreign currency risk (cont'd)

The Group's foreign currency position at 30 September 2023 and 31 December 2022 is as follows (non-monetary items are not included in the table as they don't have foreign currency risk) :

	30 September 2023						
	TL	USD Equivalent	Euro	USD Equivalent	Other USD (*)	USD (**)	Total USD Equivalent
Cash and cash equivalents	166,135	6,068	151,849	161,021	134,512	31,727	333,328
Financial investments	2,458,806	89,814	125,726	133,319	170,902	-	394,035
Trade and other receivables	136,678	4,992	54,939	58,258	47,863	3,355	114,468
Other current assets	283,633	10,360	26,409	28,004	57,473	151,971	247,808
<b>Current assets</b>	<b>3,045,252</b>	<b>111,234</b>	<b>358,923</b>	<b>380,602</b>	<b>410,750</b>	<b>187,053</b>	<b>1,089,639</b>
Financial investments	-	-	23,281	24,687	11,419	-	36,106
Trade and other receivables	-	-	9,010	9,555	-	-	9,555
Other non-current assets	37,572	1,372	9	10	32	3	1,417
<b>Non-current assets</b>	<b>37,572</b>	<b>1,372</b>	<b>32,300</b>	<b>34,252</b>	<b>11,451</b>	<b>3</b>	<b>47,078</b>
<b>Total assets</b>	<b>3,082,824</b>	<b>112,606</b>	<b>391,223</b>	<b>414,854</b>	<b>422,201</b>	<b>187,056</b>	<b>1,136,717</b>
Short-term borrowings	2,000	73	8,949	9,490	562	-	10,125
Trade and other payables	285,043	10,412	65,386	69,335	183,740	31,698	295,185
Other current liabilities and accrued expenses	740,627	27,053	1,217	1,291	67,503	19,001	114,848
<b>Current liabilities</b>	<b>1,027,670</b>	<b>37,538</b>	<b>75,552</b>	<b>80,116</b>	<b>251,805</b>	<b>50,699</b>	<b>420,158</b>
Trade and other payables	-	-	-	-	-	-	-
Long-term borrowings	-	-	193	205	15,067	47	15,319
Other non-current liabilities	-	-	-	-	-	1,740	1,740
<b>Non-current liabilities</b>	<b>-</b>	<b>-</b>	<b>193</b>	<b>205</b>	<b>15,067</b>	<b>1,787</b>	<b>17,059</b>
<b>Total liabilities</b>	<b>1,027,670</b>	<b>37,538</b>	<b>75,745</b>	<b>80,321</b>	<b>266,872</b>	<b>52,486</b>	<b>437,217</b>
<b>Net foreign currency position</b>	<b>2,055,154</b>	<b>75,068</b>	<b>315,478</b>	<b>334,533</b>	<b>155,329</b>	<b>134,570</b>	<b>699,500</b>
<b>Net notional amount of derivatives</b>	<b>-</b>	<b>-</b>	<b>65,000</b>	<b>68,926</b>	<b>-</b>	<b>-</b>	<b>68,926</b>

(\*) U.S. Dollar equivalents of the foreign currency balances other than TL and Euro.

(\*\*) U.S. Dollar balances of consolidated subsidiaries and joint ventures whose functional currency is other than U.S. Dollar.

# ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

(Amounts are expressed as thousands of U.S. Dollars ("USD") unless otherwise stated. Currencies other than USD are expressed in thousands unless otherwise indicated.)

### 12. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

#### Foreign currency risk (cont'd)

	31 December 2022						Total USD Equivalent
	TL	USD Equivalent	Euro	USD Equivalent	Other USD (*)	USD (**)	
Cash and cash equivalents	395,193	21,135	72,891	77,709	114,886	18,838	232,568
Financial investments	2,229,569	119,239	148,456	158,269	203,482	-	480,990
Trade and other receivables	196,646	10,517	42,884	45,719	46,497	5,492	108,225
Other current assets	105,423	5,638	12,635	13,470	84,525	44,910	148,543
<b>Current assets</b>	<b>2,926,831</b>	<b>156,529</b>	<b>276,866</b>	<b>295,167</b>	<b>449,390</b>	<b>69,240</b>	<b>970,326</b>
Financial investments	-	-	34,043	36,293	11,010	-	47,303
Trade and other receivables	-	-	8,962	9,555	-	-	9,555
Other non-current assets	24,790	1,326	99	106	3,230	3	4,665
<b>Non-current assets</b>	<b>24,790</b>	<b>1,326</b>	<b>43,104</b>	<b>45,954</b>	<b>14,240</b>	<b>3</b>	<b>61,523</b>
<b>Total assets</b>	<b>2,951,621</b>	<b>157,855</b>	<b>319,970</b>	<b>341,121</b>	<b>463,630</b>	<b>69,243</b>	<b>1,031,849</b>
Short-term borrowings	-	-	42,222	45,013	562	-	45,575
Trade and other payables	211,782	11,326	82,149	87,579	225,674	16,300	340,879
Other current liabilities and accrued expenses	372,067	19,898	345	368	76,403	15,862	112,531
<b>Current liabilities</b>	<b>583,849</b>	<b>31,224</b>	<b>124,716</b>	<b>132,960</b>	<b>302,639</b>	<b>32,162</b>	<b>498,985</b>
Trade and other payables	-	-	-	-	-	-	-
Long-term borrowings	-	-	-	-	15,067	-	15,067
Other non-current liabilities	-	-	-	-	-	3,654	3,654
<b>Non-current liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,067</b>	<b>3,654</b>	<b>18,721</b>
<b>Total liabilities</b>	<b>583,849</b>	<b>31,224</b>	<b>124,716</b>	<b>132,960</b>	<b>317,706</b>	<b>35,816</b>	<b>517,706</b>
<b>Net foreign currency position</b>	<b>2,367,772</b>	<b>126,631</b>	<b>195,254</b>	<b>208,161</b>	<b>145,924</b>	<b>33,427</b>	<b>514,143</b>
<b>Net notional amount of derivatives</b>	<b>-</b>	<b>-</b>	<b>100,000</b>	<b>106,610</b>	<b>-</b>	<b>-</b>	<b>106,610</b>

(\*) U.S. Dollar equivalents of the foreign currency balances other than TL and Euro.

(\*\*) U.S. Dollar balances of consolidated subsidiaries and joint ventures whose functional currency is other than U.S. Dollar.

# ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

(Amounts are expressed as thousands of U.S. Dollars ("USD") unless otherwise stated. Currencies other than USD are expressed in thousands unless otherwise indicated.)

### 12. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

#### Foreign currency risk (cont'd)

	30 September 2023		31 December 2022	
	Profit / (loss)		Profit / (loss)	
	Valuation of foreign currency	Devaluation of foreign currency	Valuation of foreign currency	Devaluation of foreign currency
<i>In the case of TL gaining 10% value against US Dollar</i>				
1- TL net asset / (liability)	7,507	(7,507)	12,663	(12,663)
2- Portion hedged against TL risk (-)	-	-	-	-
<b>3- TL net effect (1+2)</b>	<b>7,507</b>	<b>(7,507)</b>	<b>12,663</b>	<b>(12,663)</b>
<i>In the case of Euro gaining 10% value against US Dollar</i>				
4- Euro net asset / (liability)	33,453	(33,453)	20,816	(20,816)
5- Portion hedged against Euro risk (-)	6,893	(6,893)	10,661	(10,661)
<b>6- Euro net effect (4+5)</b>	<b>40,346</b>	<b>(40,346)</b>	<b>31,477</b>	<b>(31,477)</b>
<i>In the case of other foreign currencies gaining 10% value against US Dollar</i>				
7- Other foreign currency net asset / (liability)	15,533	(15,533)	14,592	(14,592)
8- Portion hedged against other foreign currency risk (-)	-	-	-	-
<b>9- Other foreign currency net effect (7+8)</b>	<b>15,533</b>	<b>(15,533)</b>	<b>14,592</b>	<b>(14,592)</b>
<b>Total (3+6+9)</b>	<b>63,386</b>	<b>(63,386)</b>	<b>58,732</b>	<b>(58,732)</b>

## ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

(Amounts are expressed as thousands of U.S. Dollars ("USD") unless otherwise stated. Currencies other than USD are expressed in thousands unless otherwise indicated.)

#### 13. FINANCIAL INSTRUMENTS – FAIR VALUE EXPLANATIONS AND ACCOUNTING POLICY FOR HEDGING FINANCIAL RISK

##### **Fair value of financial assets and liabilities**

Fair value is the amount for which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

Foreign currency denominated receivables and payables are revalued with the exchange rates valid as of the date of the financial statements.

The following methods and assumptions were used to estimate the fair value of the financial instruments that are not carried at fair value on the balance sheet:

##### **Financial assets**

The fair values of cash, amounts due from banks and other monetary assets are considered to approximate their respective carrying values due to their short-term nature. The carrying values of trade receivables are estimated to be their fair values due to their short-term nature. It is considered that the fair values of the long-term receivables are approximate to their respective carrying values as they are accounted for in foreign currencies.

##### **Financial liabilities**

The fair values of trade payables and other monetary liabilities are considered to approximate their respective carrying values due to their short-term nature. The fair values of bank borrowings are considered to approximate their respective carrying values, since initial rates applied to bank borrowings are updated periodically by the lender to reflect active market price quotations. The fair values of the trade receivables after discount are considered to be approximate to their corresponding carrying values. It is considered that the fair values of the long-term payables and long term financial borrowings are approximate to their respective carrying values as they are accounted for in foreign currencies.

##### **Fair value hierarchy**

The Group classifies the fair value measurement of each class of financial instruments that are measured at fair value on the balance sheet, according to the source, using three-level hierarchy, as follows:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Other valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Valuation techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

# ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2023

(Amounts are expressed as thousands of U.S. Dollars ("USD") unless otherwise stated. Currencies other than USD are expressed in thousands unless otherwise indicated.)

### 13. FINANCIAL INSTRUMENTS – FAIR VALUE EXPLANATIONS AND ACCOUNTING POLICY FOR HEDGING FINANCIAL RISK (cont'd)

#### Fair value hierarchy (cont'd)

##### 30 September 2023

	Level 1	Level 2	Level 3
Private sector bonds	312,679	-	-
Equity securities	882,555	15,416	8,118
Foreign government bonds	2,023,719	-	-
Turkish government bonds	301,088	-	-
Mutual funds	119,893	32,958	25,023
<b>Financial assets at fair value through profit or loss</b>	<b>3,639,934</b>	<b>48,374</b>	<b>33,141</b>
Derivative instruments	-	-	-
<b>Financial liabilities at fair value through profit or loss</b>	<b>-</b>	<b>-</b>	<b>-</b>

##### 31 December 2022

	Level 1	Level 2	Level 3
Private sector bonds	407,551	-	-
Equity securities	1,031,717	9,279	8,016
Foreign government bonds	1,639,396	-	-
Turkish government bonds	300,405	-	-
Mutual funds	118,672	30,754	25,023
<b>Financial assets at fair value through profit or loss</b>	<b>3,497,741</b>	<b>40,033</b>	<b>33,039</b>
Derivative instruments	-	-	-
<b>Financial liabilities at fair value through profit or loss</b>	<b>-</b>	<b>-</b>	<b>-</b>

### 14. SUBSEQUENT EVENTS

None.