

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

Condensed Consolidated Interim Financial
Statements as at and for the Three-Months
Period Ended
31 March 2024

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ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2024

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

ASSETS	Note	31 March 2024	31 December 2023
Current Assets		4,256,711	4,047,643
Cash and cash equivalents		1,229,660	1,230,086
Financial investments	13	2,029,443	1,804,916
Trade receivables		284,211	363,282
Other receivables			
Other receivables from related parties		55	22
Other receivables from third parties		15,976	13,413
Inventories		368,150	285,882
Prepaid expenses		225,382	234,636
Costs and estimated earnings in excess of billings on uncompleted contracts	5	46,601	62,525
Other current assets		43,064	38,706
		<u>4,242,542</u>	<u>4,033,468</u>
Assets held for sale		14,169	14,175
Non-Current Assets		5,284,226	5,359,885
Financial investments	13	2,048,814	2,159,653
Investment properties	6	1,801,791	1,821,962
Property, plant and equipment		1,353,190	1,289,641
Right of use assets		59,249	59,763
Intangible assets			
Other intangible assets		15,246	15,011
Deferred tax assets		2,363	3,226
Prepaid expenses		3,454	10,507
Other non-current assets		119	122
TOTAL ASSETS		<u>9,540,937</u>	<u>9,407,528</u>

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 31 MARCH 2024

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

		31 March	31 December
LIABILITIES	Note	2024	2023
Current Liabilities		1,492,381	1,420,060
Short-term borrowings		1,482	119
Current portion of long-term borrowings		4,233	4,359
Trade payables		296,119	290,822
Payables to employees		30,897	24,679
Other payables			
Payables to related parties		1	1
Payables to third parties		17,279	17,444
Billings in excess of costs and estimated earnings			
on uncompleted contracts	5	557,114	547,339
Deferred income		447,284	387,356
Taxation on income		37,623	34,950
Provisions			
Provisions for employee benefits		9,391	13,273
Other provisions		36,711	43,612
Other current liabilities		54,247	56,106
Non-Current Liabilities		576,313	563,993
Long-term borrowings		113,132	117,362
Other payables		23,090	22,682
Deferred income		-	1,078
Provisions for employee benefits		18,884	19,033
Deferred tax liabilities		421,207	403,838
EQUITY		7,472,243	7,423,475
Equity Attributable to Equity Holders of the Parent		7,372,095	7,325,457
Share capital	10	2,751,959	2,751,959
Treasury Shares	10	(126,701)	(126,701)
Revaluation surplus		192,204	190,622
Currency translation difference		(1,531,474)	(1,487,368)
Other reserves		(11,472)	(10,496)
Legal reserves and accumulated profit		6,097,579	6,007,441
Non-Controlling Interests		100,148	98,018
TOTAL LIABILITIES AND EQUITY		9,540,937	9,407,528

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 31 MARCH 2024

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

	Note	1 January- 31 March 2024	1 January- 31 March 2023
CONTINUING OPERATIONS			
Revenue	4	589,755	927,570
Cost of revenues (-)	4	(449,827)	(746,350)
GROSS PROFIT		139,928	181,220
Administrative expenses (-)	4	(63,569)	(68,753)
Marketing, selling and distribution expenses (-)	4	(7,641)	(6,314)
Other operating income	4	20,407	21,930
Other operating expenses (-)	4	(11,885)	(9,289)
PROFIT FROM OPERATIONS		77,240	118,794
Income from investing activities	4,11	141,691	233,530
Expenses from investing activities (-)	4,11	(24,096)	(103,788)
OPERATING PROFIT BEFORE FINANCE EXPENSES		194,835	248,536
Financial income	4	15,477	10,729
Financial expenses (-)	4	(9,007)	(25,268)
Net monetary loss (-)	4	(5,005)	-
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		196,300	233,997
Current tax expense (-)		(24,291)	(29,055)
Deferred tax income / (expense)		(15,251)	6,349
NET PROFIT (LOSS) FOR THE PERIOD		156,758	211,291
Attributable to:			
Non-controlling interest		4,938	9,008
Equity holders of the parent		151,820	202,283
		156,758	211,291
Earning / (Loss) per share from continuing operations			
- ordinary share certificate (full USD)		0.03	0.03
Weighted average number of shares (1 dollar weighted average shares)			
		5,864,704,564	5,864,704,564

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 31 MARCH 2024**

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

	1 January- 31 March 2024	1 January- 31 March 2023
NET PROFIT FOR THE PERIOD	156,758	211,291
Other Comprehensive Income / (Expense):		
Items that will not be reclassified subsequently to profit or loss	(3,262)	142
Changes in currency translation difference in revaluation fund of property	(3,262)	142
Items that may be reclassified subsequently to profit or loss	(106,832)	(64,537)
Changes in currency translation difference	(106,832)	(64,511)
Gains (Losses) on financial assets measured at fair value through other comprehensive income	-	(26)
OTHER COMPREHENSIVE INCOME / (LOSS)	(110,094)	(64,395)
TOTAL COMPREHENSIVE INCOME	46,664	146,896
Attributable to:		
Non-controlling interest	2,518	10,184
Equity holders of the parent	44,146	136,712
	46,664	146,896

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 31 MARCH 2024

(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
Balance at 1 January 2023	2,751,959	(127,194)	195,343	(1,381,980)	(5,933)	5,038,858	6,471,053	75,385	6,546,438
Total other comprehensive income	-	-	154	(39,028)	(1,628)	(25,069)	(65,571)	1,176	(64,395)
Profit for the period	-	-	-	-	-	202,283	202,283	9,008	211,291
Total comprehensive income	-	-	154	(39,028)	(1,628)	177,214	136,712	10,184	146,896
Increase (Decrease) through Treasury Share Transactions	-	493	-	-	-	-	493	-	493
Transfer of depreciation difference (net of deferred tax) of revaluation effect	-	-	(59)	-	-	59	-	-	-
Share capital increase	-	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	(8,593)	(8,593)
Balance at 31 March 2023	2,751,959	(126,701)	195,438	(1,421,008)	(7,561)	5,216,131	6,608,258	76,976	6,685,234
Balance at 1 January 2024	2,751,959	(126,701)	190,622	(1,487,368)	(10,496)	6,007,441	7,325,457	98,018	7,423,475
Hyperinflationary restatement to 1 January 2024	-	-	4,899	-	-	100,788	-	-	-
Restated opening at 1 January 2024	2,751,959	(126,701)	195,521	(1,487,368)	(10,496)	6,108,229	7,431,144	98,018	7,529,162
Total other comprehensive income	-	-	(3,248)	(44,106)	(976)	(59,344)	(107,674)	(2,420)	(110,094)
Profit for the period	-	-	-	-	-	151,820	151,820	4,938	156,758
Total comprehensive income	-	-	(3,248)	(44,106)	(976)	92,476	44,146	2,518	46,664
Increase (Decrease) through Treasury Share Transactions	-	-	-	-	-	-	-	-	-
Transfer of depreciation difference (net of deferred tax) of revaluation effect	-	-	(69)	-	-	69	-	-	-
Dividends paid	-	-	-	-	-	(103,195)	(103,195)	(388)	(103,583)
Balance at 31 March 2024	2,751,959	(126,701)	192,204	(1,531,474)	(11,472)	6,097,579	7,372,095	100,148	7,472,243

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 31 MARCH 2024

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

	1 January- 31 March 2024	1 January- 31 March 2023
Cash flows from operating activities		
Profit for the period	156,758	211,291
Adjustments to reconcile net income to net cash used in operating activities:		
- Adjustments related to depreciation and amortisation	26,472	18,862
- Adjustments related to provision for employment	616	2,200
- Adjustments related to allowance for doubtful receivables	79	5
- Adjustments related to provision for litigations	184	457
- (Income) / loss from fair value of forward transactions	(3,147)	(1,264)
- Adjustments to related to interest expense	533	1,182
- Adjustments to related to interest income	(27,127)	(19,000)
- Adjustments to related to dividend income	(3,563)	(4,697)
- Adjustments to related to provision for inventory impairment, net	278	2
- Adjustments to related to gain on sale or disposal of property, plant and equipment, net	(1,327)	(468)
- Adjustments to related to fair value increase in investment properties	(132)	(157)
- Adjustments to related to valuation of investment securities	(87,297)	(175,619)
- Interest accrual	37	391
- Tax expense	39,542	22,706
	101,906	55,891
Movements in working capital		
Change in trade and other receivables	79,166	34,137
Change cost and estimated earnings in excess of billings on uncompleted contracts	15,924	1,052
Change in inventory	(82,545)	35,620
Change in other current assets and other non current assets	9,392	(21,249)
Change in trade and other payables	5,297	(115,925)
Change in billings in excess of cost and estimated earnings on uncompleted contracts	9,774	(26,523)
Change provision for liabilities and other liabilities	54,657	(11,450)
	91,665	(104,338)
Income taxes paid	(21,618)	(30,004)
Employee termination benefits paid	(723)	(1,374)
Net cash generated from operating activities	171,230	(79,825)
Cash flows from investing activities		
Purchases of financial investments	(235,833)	(428,156)
Sale of financial investments	209,441	527,557
Proceeds on disposal or sale of property, plant and equipment	2,515	1,769
Purchases of property, plant and equipment, intangible assets and investment properties	(66,424)	(10,316)
Interest received	20,739	13,399
Dividend received	3,563	4,697
Net cash used in investing activities	(65,999)	108,950
Cash flows from financing activities		
Addition to borrowings	-	48,564
Repayments of borrowings	(29)	(57,305)
Sale of treasury shares	-	493
Interest received	6,351	5,210
Interest paid	(503)	(1,074)
Dividend paid to non-controlling interests	(388)	(8,593)
Dividend paid	(103,195)	-
Net cash used in financing activities	(97,764)	(12,705)
Translation reserve	(7,893)	16,530
Net increase / (decrease) in cash and cash equivalents	(426)	32,950
Cash and cash equivalents at beginning of the period	1,230,086	1,026,291
Cash and cash equivalents at end of the period	1,229,660	1,059,241

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 31 MARCH 2024

(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 31 March 2024, 8.56% of the shares of Enka İnşaat is traded publicly in İstanbul Stock Exchange (“ISE”).

As of 31 March 2024, the average numbers of white and blue-collar personnel are respectively 5,150 and 18,127 (31 December 2023 – 5,036 and 17,269).

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 Carribean.
- iv. *Europe*: engaged in construction, energy and trading activities in Romania, the Netherlands, Switzerland, Greece, Germany, Serbia, Kosovo, United Kingdom, Italy, North Macedonia and Bulgaria.

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

(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 10 May 2024. 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 31 MARCH 2024

(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 31 March 2024, 31 December 2023 and 31 March 2023, the buying rates and average rates for one U.S. Dollar can be summarized as below:

	31 March 2024	31 December 2023	31 March 2023
U.S. Dollars/TL – as of balance sheet date	32.2854	29.4382	19.1532
U.S. Dollars/TL – yearly average	30.9035	23.7776	18.8549
U.S. Dollars/EUR – as of balance sheet date	0.9277	0.9037	0.9188
U.S. Dollars/EUR – yearly average	0.9209	0.9246	0.9322
U.S. Dollars/RBL – as of balance sheet date	92.3660	89.6883	77.0863
U.S. Dollars/RBL – yearly average	90.7471	85.2466	72.7738

Restatement of Financial Statements During Periods of High Inflation

In accordance with the CMB's decision dated 28 December 2023 and numbered 81/1820, issuers and capital market institutions subject to financial reporting regulations applying Turkish Accounting/Financial Reporting Standards are required to apply inflation accounting by applying the provisions of TAS 29 to their annual financial statements for the accounting periods ending on 31 December 2023.

POA made a announcement on 23 November 2023 regarding the scope and application of TAS 29. It stated that the financial statements of the entities applying Turkish Financial Reporting Standards for the annual reporting period ending on or after 31 December 2023 should be presented in accordance with the related accounting principles in TAS 29, adjusted for the effects of inflation.

In this framework, while preparing the consolidated financial statements dated 31 March 2024 and 31 December 2023, inflation adjustment has been made in accordance with TAS 29.

The financial statements and related figures for previous periods have been restated for changes in the general purchasing power of the functional currency and, consequently, the financial statements and related figures for previous periods are expressed in terms of the measuring unit current at the end of the reporting period in accordance with TAS 29 Financial Reporting in Hyperinflationary Economies.

TAS 29 applies to the financial statements, including the consolidated financial statements, of each entity whose functional currency is the currency of a hyperinflationary economy. If an economy is subject to hyperinflation, TAS 29 requires an entity whose functional currency is the currency of a hyperinflationary economy to present its financial statements in terms of the measuring unit current at the end of the reporting period.

As at the reporting date, entities operating in Turkey are required to apply TAS 29 "Financial Reporting in Hyperinflationary Economies" for the reporting periods ending on or after 31 December 2023, as the cumulative change in the general purchasing power of the last three years based on the Consumer Price Index ("CPI") is more than 100%.

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

(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)

Restatement of Financial Statements During Periods of High Inflation (cont'd)

The table below shows the inflation rates for the relevant years calculated by taking into account the Consumer Price Indices published by the Turkish Statistical Institute (TURKSTAT):

Date	Index	Adjustment Coefficient	Cumulative inflation rates
31 March 2024	2.139,47	1.000	%211
31 December 2023	1.859,38	1,151	%268
31 March 2023	1.269,75	1,685	%152

The main lines of TAS 29 indexation transactions are as follows:

- As of the balance sheet date, all items other than those stated in terms of current purchasing power are restated by using the relevant price index coefficients. Prior year amounts are also restated in the same way.
- Monetary assets and liabilities are expressed in terms of the purchasing power at the balance sheet date and are therefore not subject to restatement. Monetary items are cash and items to be received or paid in cash.
- Fixed assets, subsidiaries and similar assets are indexed to their acquisition values, which do not exceed their market values. Depreciation has been adjusted in a similar manner. Amounts included in shareholders' equity have been restated by applying general price indices for the periods in which they were contributed to or arose within the Company.
- All items in the income statement, except for the effects of non-monetary items in the balance sheet on the income statement, have been restated by applying the multiples calculated over the periods when the income and expense accounts were initially recognised in the financial statements.
- The gain or loss arising on the net monetary position as a result of general inflation is the difference between the adjustments to non-monetary assets, equity items and income statement accounts. This gain or loss on the net monetary position is included in net profit.

The impact of the application of TAS 29 Inflation Accounting is summarised below:

Restatement of the Statement of Financial Position

Amounts in the statement of financial position that are not expressed in terms of the measuring unit current at the end of the reporting period are restated. Accordingly, monetary items are not restated because they are expressed in the currency of the reporting period. Non-monetary items are required to be restated unless they are expressed in terms of the currency in effect at the end of the reporting period.

The gain or loss on the net monetary position arising on restatement of non-monetary items is recognised in profit or loss and presented separately in the statement of comprehensive income.

Restatement of the Statement of Profit or Loss

All items in the statement of profit or loss are expressed in terms of the measuring unit current at the end of the reporting period. Therefore, all amounts have been restated by applying changes in the monthly general price index.

Cost of inventories sold has been restated using the restated inventory balance.

Depreciation and amortisation expenses have been restated using the restated balances of property, plant and equipment, intangible assets, investment property and right-of-use assets.

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2024

(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)

Restatement of Financial Statements During Periods of High Inflation (cont'd)

Restatement of Statement of Cash Flows

All items in the statement of cash flows are expressed in terms of the measuring unit current at the end of the reporting period.

Consolidated Financial Statements

The financial statements of a subsidiary whose functional currency is the currency of a hyperinflationary economy are restated by applying the general price index before they are included in the consolidated financial statements prepared by the parent company. If the subsidiary is a foreign subsidiary, its restated financial statements are translated at the closing rate.

When consolidating financial statements with different reporting period ends, all monetary and nonmonetary items are restated in accordance with the measuring unit current at the date of the consolidated financial statements.

Comparative figures

Relevant figures for the previous reporting period are restated by applying the general price index so that the comparative financial statements are presented in the measuring unit applicable at the end of the reporting period. Information disclosed for prior periods is also expressed in terms of the measuring unit current at the end of the reporting period. Since the functional currency of the Group is USD, consolidated financial statements of prior periods are not restated.

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.

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 31 March 2024. 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

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

2.1 Basis of presentation (cont’d)

Basis of Consolidation (cont’d)

- 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.

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 New and Amended Turkish Financial Reporting Standards

a) Amendments that are mandatorily effective from 2024

Amendments to TAS 1	<i>Classification of Liabilities as Current or Non-Current</i>
Amendments to TFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to TAS 1	<i>Non-current Liabilities with Covenants</i>
Amendments to TAS 7 and TFRS 7	<i>Supplier Finance Arrangements</i>
TSRS 1	<i>General Requirements for Disclosure of Sustainability-related Financial Information</i>
TSRS 2	<i>Climate-related Disclosures</i>

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

2.4 New and Amended Turkish Financial Reporting Standards (cont’d)

a) Amendments that are mandatorily effective from 2024 (cont’d)

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

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

Amendments to TAS 1 are effective for annual reporting periods beginning on or after 1 January 2024 and earlier application is permitted.

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

Amendments to TFRS 16 clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in TFRS 15 to be accounted for as a sale.

Amendments are effective from annual reporting periods beginning on or after 1 January 2024.

Amendments to TAS 1 *Non-current Liabilities with Covenants*

Amendments to TAS 1 clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

Amendments are effective from annual reporting periods beginning on or after 1 January 2024.

Amendments to TAS 7 and TFRS 7 *Supplier Finance Arrangements*

The amendments add disclosure requirements, and ‘signposts’ within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements. Amendments are effective from annual reporting periods beginning on or after 1 January 2024.

TSRS 1 *General Requirements for Disclosure of Sustainability-related Financial Information*

TSRS 1 sets out overall requirements for sustainability-related financial disclosures with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity. The application of this standard is mandatory for annual reporting periods beginning on or after 1 January 2024 for the entities that meet the criteria specified in POA's announcement dated 5 January 2024 and numbered 2024-5 and for banks regardless of the criteria. Other entities may voluntarily report in accordance with TSRS.

TSRS 2 *Climate-related Disclosures*

TSRS 2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity. The application of this standard is mandatory for annual reporting periods beginning on or after 1 January 2024 for the entities that meet the criteria specified in POA's announcement dated 5 January 2024 and numbered 2024-5 and for banks regardless of the criteria. Other entities may voluntarily report in accordance with TSRS.

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

2.4 New and Amended Turkish Financial Reporting Standards (cont'd)

b) New and revised TFRSs in issue but not yet effective

The Group has not yet adopted the following standards and amendments and interpretations to the existing standards:

TFRS 17

Insurance Contracts

Amendments to TFRS 17

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

TFRS 17 Insurance Contracts

TFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. TFRS 17 has been deferred for insurance, reinsurance and pension companies for a further year and will replace TFRS 4 *Insurance Contracts* on 1 January 2025.

Amendments to TFRS 17 Insurance Contracts and Initial Application of TFRS 17 and TFRS 9 — Comparative Information

Amendments have been made in TFRS 17 in order to reduce the implementation costs, to explain the results and to facilitate the initial application.

The amendment permits entities that first apply TFRS 17 and TFRS 9 at the same time to present comparative information about a financial asset as if the classification and measurement requirements of TFRS 9 had been applied to that financial asset before.

Amendments are effective with the first application of TFRS 17.

The Group evaluates the effects of these standards, amendments and improvements on the consolidated financial statements.

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 2023.

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.

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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 - 31 March 2024						
	Construction contracts	Rental	Trade	Energy	Eliminations	Consolidated
Revenues	444,532	79,447	46,511	19,265	-	589,755
Inter-segment revenues	27,760	1,695	2,755	-	(32,210)	-
Cost of revenues (-)	(350,521)	(29,709)	(31,634)	(37,963)	-	(449,827)
Inter-segment cost of revenues (-)	(27,760)	(1,695)	(2,755)	-	32,210	-
Gross profit	94,011	49,738	14,877	(18,698)	-	139,928
Administrative expenses (-)	(57,918)	(1,696)	(1,669)	(2,286)	-	(63,569)
Marketing expenses (-)	(3,449)	(1,428)	(2,764)	-	-	(7,641)
Other operating income	8,652	852	2,979	7,924	-	20,407
Other operating expenses (-)	(5,222)	(446)	(473)	(5,744)	-	(11,885)
Profit from operations	36,074	47,020	12,950	(18,804)	-	77,240
Investment income	141,078	430	-	183	-	141,691
Investment expenses (-)	(24,023)	(7)	-	(66)	-	(24,096)
Profit from operations before financial income / (expenses)	153,129	47,443	12,950	(18,687)	-	194,835
Financial income	8,421	827	676	5,553	-	15,477
Financial expenses (-)	(5,295)	(408)	(3,162)	(142)	-	(9,007)
Net monetary gain (loss)	-	-	987	(5,992)	-	(5,005)
Profit / (loss) before tax	156,255	47,862	11,451	(19,268)	-	196,300
Current tax expense (-)	(10,824)	(8,333)	(2,311)	(2,823)	-	(24,291)
Deferred taxation income/ (expenses)	(11,844)	(1,418)	(1,241)	(748)	-	(15,251)
Profit / (loss) for the period from continuing operations	133,587	38,111	7,899	(22,839)	-	156,758
31 March 2024						
	Construction contracts	Rental	Trade	Energy	Consolidated	
Segment assets	6,294,321	1,866,059	271,871	1,108,686		9,540,937
Total assets	6,294,321	1,866,059	271,871	1,108,686		9,540,937
Segment liabilities	1,343,291	401,519	164,261	159,623		2,068,694
Total liabilities	1,343,291	401,519	164,261	159,623		2,068,694
1 January - 31 March 2024						
Other segment information	Construction contracts	Rental	Trade	Energy	Consolidated	
<u>Capital expenditures</u>						
Property, plant and equipment & investment property	17,545	550	417	47,488		66,000
Intangible assets	170	35	215	4		424
Total capital expenditures	17,715	585	632	47,492		66,424
Depreciation expense	12,263	426	609	12,460		25,758
Amortisation expense	646	4	47	17		714

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4. SEGMENTAL INFORMATION (cont'd)

a) Business segments(cont'd)

	1 January - 31 March 2023					
	Construction contracts	Rental	Trade	Energy	Eliminations	Consolidated
Revenues	478,078	81,013	43,650	324,829	-	927,570
Inter-segment revenues	29,856	325	1,609	-	(31,790)	-
Cost of revenues (-)	(367,908)	(28,436)	(32,332)	(317,674)	-	(746,350)
Inter-segment cost of revenues (-)	(29,856)	(325)	(1,609)	-	31,790	-
Gross profit	110,170	52,577	11,318	7,155	-	181,220
Administrative expenses (-)	(56,118)	(4,536)	(4,460)	(3,639)	-	(68,753)
Marketing expenses (-)	(3,498)	(1,209)	(1,607)	-	-	(6,314)
Other operating income	6,013	6,573	3,348	5,996	-	21,930
Other operating expenses (-)	(6,608)	(625)	(500)	(1,556)	-	(9,289)
Profit from operations	49,959	52,780	8,099	7,956	-	118,794
Investment income	232,637	143	741	9	-	233,530
Investment expenses (-)	(103,726)	(8)	-	(54)	-	(103,788)
Profit from operations before financial income / (expenses)	178,870	52,915	8,840	7,911	-	248,536
Financial income	3,087	1,030	948	5,698	(34)	10,729
Financial expenses (-)	(10,799)	(9,996)	(4,320)	(187)	34	(25,268)
Profit before tax	171,158	43,949	5,468	13,422	-	233,997
Current tax expense (-)	(12,558)	(10,151)	(1,282)	(5,064)	-	(29,055)
Deferred taxation income/ (expenses)	7,633	(1,845)	(164)	725	-	6,349
Profit for the period from continuing operations	166,233	31,953	4,022	9,083	-	211,291
	31 December 2023					
	Construction contracts	Rental	Trade	Energy		Consolidated
Segment assets	6,227,922	1,891,297	253,819	1,034,490		9,407,528
Total assets	6,227,922	1,891,297	253,819	1,034,490		9,407,528
Segment liabilities	1,308,522	413,330	106,708	155,493		1,984,053
Total liabilities	1,308,522	413,330	106,708	155,493		1,984,053
	1 January - 31 March 2023					
	Construction contracts	Rental	Trade	Energy		Consolidated
Other segment information						
<u>Capital expenditures</u>						
Property, plant and equipment & investment property	5,679	166	206	4,020		10,071
Intangible assets	44	34	149	18		245
Total capital expenditures	5,723	200	355	4,038		10,316
Depreciation expense	12,518	594	531	4,310		17,953
Amortisation expense	869	5	26	9		909

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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4. SEGMENTAL INFORMATION (cont'd)**a) Geographical segments**

1 January - 31 March 2024						
	Turkey	Russian Federation, Kazakhstan and Georgia	Europe	Other	Eliminations	Consolidated
Net sales	178,419	223,707	145,733	41,896	-	589,755
Inter-segment sales	30,515	1,695	-	-	(32,210)	-
Capital expenditures	43,745	1,771	20,276	632	-	66,424
31 March 2024						
	Turkey	Russian Federation, Kazakhstan and Georgia	Europe	Other	Eliminations	Consolidated
Segmental assets	5,881,105	2,758,362	651,028	250,442	-	9,540,937
1 January - 31 March 2023						
	Turkey	Russian Federation, Kazakhstan and Georgia	Europe	Other	Eliminations	Consolidated
Net sales	544,353	276,455	50,330	56,432	-	927,570
Inter-segment sales	31,465	325	-	-	(31,790)	-
Capital expenditures	9,326	208	704	78	-	10,316
31 December 2023						
	Turkey	Russian Federation, Kazakhstan and Georgia	Europe	Other	Eliminations	Consolidated
Segmental assets	5,755,795	2,703,855	701,161	246,717	-	9,407,528

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5. CONSTRUCTION CONTRACTS

The Group's construction contract details as of 31 March 2024 and 31 December 2023 is as follows:

	31 March 2024	31 December 2023
Costs incurred on uncompleted contracts	3,425,700	3,217,847
Recognized profit less recognized losses to date, net	1,063,229	995,253
	<u>4,488,929</u>	<u>4,213,100</u>
Less: Progress billing	(4,999,442)	(4,697,914)
	<u>(510,513)</u>	<u>(484,814)</u>
	31 March 2024	31 December 2023
Costs and estimated earnings in excess of billings on uncompleted contracts	46,601	62,525
Billings in excess of costs and estimated earnings on uncompleted contracts	(557,114)	(547,339)
	<u>(510,513)</u>	<u>(484,814)</u>

As of 31 March 2024, the amount of advances received of subsidiaries and companies shares in joint operations is USD 361,064 (31 December 2023: USD 336,415).

6. INVESTMENT PROPERTIES

As of 31 March 2024 and 31 December 2023, movement of investment properties is as follows:

	1 January - 31 March 2024	1 January - 31 March 2023
Opening balance	1,821,962	2,028,224
Currency translation difference	(25,032)	(99,164)
Transfers from fixed assets	4,572	-
Additions	157	-
Change in present value of lease obligations	132	-
Closing balance	<u>1,801,791</u>	<u>1,929,060</u>

7. PROPERTY, PLANT AND EQUIPMENT

During the period ended 31 March 2024 the Group purchased property plant and equipment amounting to USD 65,843 (31 March 2023: USD 10,071). In addition, during the period ended 31 March 2024 net book value of USD 1,188 (31 March 2023: USD 1,301) property plant and equipment sold for USD 2,515 (31 March 2023: USD 1,769).

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8. COMMITMENTS

Litigations

During the period ended 31 March 2024, 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 2023 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 31 March 2024 and 31 December 2023 is as follows:

	31 March 2024		31 December 2023	
	Original Currency	USD Equivalent	Original Currency	USD Equivalent
Letters of guarantee, guarantee notes given, mortgage and pledges				
A. Total amount of guarantees provided by the Company on behalf of itself		947,227		814,389
-USD	193,709	193,709	132,827	132,827
-EUR	275,460	296,934	309,175	342,108
-TL	1,289,986	39,956	1,290,288	43,830
-Others (*)		416,628		295,624
B. Total amount for guarantees provided on behalf of subsidiaries accounted under full consolidation method		110		113
-USD	85	85	85	85
-EUR	-	-	-	-
-TL	822	25	822	28
-Others (*)		-		-
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>947,337</u>		<u>814,502</u>

(*) U.S Dollar equivalents of letters of guarantee, guarantee notes given, mortgage and pledges other than USD, TL and EUR. As of 31 March 2024 the portion of other guarantess given to shareholders' equity is 0% (31 December 2023 - 0%).

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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 31 March 2024 and 31 December 2023 is as follows:

	31 March 2024		31 December 2023	
	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)		(126,701)
		2,625,258		2,625,258

Based on the power vested in the Board of Directors of Enka İnşaat by the General Assembly in its ordinary Meeting held on 28 March 2023; regarding to the distribution of the period between 1 January – 30 September 2023 profit, it is resolved to distribute dividend advance total TL 3,000,000 to the shareholders representing the share capital amounting to TL 6,000,000. The Dividend Advance decided to be distributed was distributed on 3 January 2024.

Based on the Group's Ordinary General Assembly held on 29 March 2024; In addition to dividend advance distributed on 3 January 2024, regarding to the distribution of the year 2023 profit, it has been resolved to distribute dividend to its shareholders for each TL 1 (full TL) nominal valued share in total TL 7,500,000 (2023 - TL 2,180,000); further it has been resolved to distribute TL 129,057 (2023 - TL 35,615) as cash dividend to founder shares.

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11. INVESTMENT INCOME / EXPENSES

	1 January- 31 March 2024	1 January- 31 March 2023
Income from investing activities		
Interest income from financial investments	20,739	13,399
Increase in value of financial investments*	87,297	175,619
Foreign exchange income from investing activities	13,395	5,552
Income from sale of securities	15,343	33,795
Dividend income	3,563	4,697
Gains from sales of property, plant and equipment	1,354	468
	<u>141,691</u>	<u>233,530</u>
Expenses from investing activities		
	1 January- 31 March 2024	1 January- 31 March 2023
Foreign exchange losses from investing activities	(15,566)	(6,141)
Losses from sale of securities	(8,503)	(97,647)
Loss from sales of property, plant and equipment	(27)	-
	<u>(24,096)</u>	<u>(103,788)</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 4,078,257 in the Group's balance sheet within the scope of IFRS 9. The breakdown of this valuation profit by financial assets is as follows.

	31 March 2024	31 March 2023
Financial assets at fair value through profit or loss		
Private sector bonds	736	80,645
Foreign Government bonds	17,364	8,397
Equity securities	61,231	73,703
Turkish Government bonds	370	5,318
Mutual funds	7,596	7,556
	<u>87,297</u>	<u>175,619</u>

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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 31 March 2024 and 31 December 2023:

	31 March 2024	31 December 2023
A. Assets denominated in foreign currency	1,140,492	1,152,087
B. Liabilities denominated in foreign currency	(626,069)	(447,200)
Net foreign currency position (A+B)	514,423	704,887

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

Foreign currency risk (cont'd)

The Group's foreign currency position at 31 March 2024 and 31 December 2023 is as follows (non-monetary items are not included in the table as they don't have foreign currency risk) :

	31 March 2024						Total USD Equivalent
	TL	USD Equivalent	Euro	USD Equivalent	Other USD (*)	USD (**)	
Cash and cash equivalents	261,701	8,106	181,787	195,966	164,284	12,482	380,838
Financial investments	2,466,575	76,399	120,929	130,362	170,393	-	377,154
Trade and other receivables	482,512	14,945	65,929	71,072	70,658	3,184	159,859
Other current assets	381,451	11,815	85,658	92,339	41,947	54,090	200,191
Current assets	3,592,239	111,265	454,303	489,739	447,282	69,756	1,118,042
Financial investments	-	-	-	-	11,392	-	11,392
Trade and other receivables	-	-	8,863	9,555	-	-	9,555
Other non-current assets	44,041	1,364	38	41	95	3	1,503
Non-current assets	44,041	1,364	8,901	9,596	11,487	3	22,450
Total assets	3,636,280	112,629	463,204	499,335	458,769	69,759	1,140,492
Short-term borrowings	41,120	1,274	81	87	27	-	1,388
Trade and other payables	556,657	17,242	65,941	71,084	274,990	58,720	422,036
Other current liabilities and accrued expenses	1,153,280	35,721	738	796	134,772	16,728	188,017
Current liabilities	1,751,057	54,237	66,760	71,967	409,789	75,448	611,441
Trade and other payables	-	-	-	-	-	-	-
Long-term borrowings	-	-	-	-	11,816	-	11,816
Other non-current liabilities	-	-	-	-	-	2,812	2,812
Non-current liabilities	-	-	-	-	11,816	2,812	14,628
Total liabilities	1,751,057	54,237	66,760	71,967	421,605	78,260	626,069
Net foreign currency position	1,885,223	58,392	396,444	427,368	37,164	(8,501)	514,423
Net notional amount of derivatives	-	-	65,000	70,070	-	-	70,070

(*) 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.

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

Foreign currency risk (cont'd)

	31 December 2023						Total USD Equivalent
	TL	USD Equivalent	Euro	USD Equivalent	Other USD (*)	USD (**)	
Cash and cash equivalents	118,745	4,034	163,795	181,239	157,406	24,377	367,056
Financial investments	2,401,026	81,562	116,351	128,742	181,766	-	392,070
Trade and other receivables	189,916	6,451	96,985	107,314	48,659	3,932	166,356
Other current assets	166,172	5,645	96,889	107,208	30,033	53,719	196,605
Current assets	2,875,859	97,692	474,020	524,503	417,864	82,028	1,122,087
Financial investments	-	-	-	-	12,067	-	12,067
Trade and other receivables	-	-	8,635	9,555	-	-	9,555
Other non-current assets	38,294	1,301	1	2	7,072	3	8,378
Non-current assets	38,294	1,301	8,636	9,557	19,139	3	30,000
Total assets	2,914,153	98,993	482,656	534,060	437,003	82,031	1,152,087
Short-term borrowings	-	-	-	-	27	-	27
Trade and other payables	631,952	21,467	64,013	70,831	186,082	22,389	300,769
Other current liabilities and accrued expenses	1,049,817	35,662	5,730	6,341	76,328	12,934	131,265
Current liabilities	1,681,769	57,129	69,743	77,172	262,437	35,323	432,061
Trade and other payables	"	-	-	-	-	-	-
Long-term borrowings	-	-	172	190	11,816	20	12,026
Other non-current liabilities	-	-	-	-	-	3,113	3,113
Non-current liabilities	-	-	172	190	11,816	3,133	15,139
Total liabilities	1,681,769	57,129	69,915	77,362	274,253	38,456	447,200
Net foreign currency position	1,232,384	41,864	412,741	456,698	162,750	43,575	704,887
Net notional amount of derivatives	-	-	35,000	38,728	-	-	38,728

(*) 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.

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

Foreign currency risk (cont'd)

	31 March 2024		31 December 2023	
	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)	5,839	(5,839)	4,186	(4,186)
2- Portion hedged against TL risk (-)	-	-	-	-
3- TL net effect (1+2)	5,839	(5,839)	4,186	(4,186)
<i>In the case of Euro gaining 10% value against US Dollar</i>				
4- Euro net asset / (liability)	42,737	(42,737)	45,670	(45,670)
5- Portion hedged against Euro risk (-)	7,007	(7,007)	3,873	(3,873)
6- Euro net effect (4+5)	49,744	(49,744)	49,543	(49,543)
<i>In the case of other foreign currencies gaining 10% value against US Dollar</i>				
7- Other foreign currency net asset / (liability)	3,716	(3,716)	16,275	(16,275)
8- Portion hedged against other foreign currency risk (-)	-	-	-	-
9- Other foreign currency net effect (7+8)	3,716	(3,716)	16,275	(16,275)
Total (3+6+9)	59,299	(59,299)	70,004	(70,004)

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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 31 MARCH 2024**

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**13. FINANCIAL INSTRUMENTS – FAIR VALUE EXPLANATIONS AND ACCOUNTING POLICY FOR
HEDGING FINANCIAL RISK (cont’d)****Fair value hierarchy (cont’d)****31 March 2024**

	Level 1	Level 2	Level 3
Private sector bonds	307,825	-	-
Equity securities	992,622	18,531	8,310
Foreign government bonds	2,362,481	-	-
Turkish government bonds	166,919	-	-
Mutual funds	163,052	33,983	24,534
Financial assets at fair value through profit or loss	3,992,899	52,514	32,844
Derivative instruments	-	-	-
Financial liabilities at fair value through profit or loss	-	-	-

31 December 2023

	Level 1	Level 2	Level 3
Private sector bonds	312,290	-	-
Equity securities	946,336	17,169	8,363
Foreign government bonds	2,181,708	-	-
Turkish government bonds	296,842	-	-
Mutual funds	141,891	34,547	25,423
Financial assets at fair value through profit or loss	3,879,067	51,716	33,786
Derivative instruments	-	-	-
Financial liabilities at fair value through profit or loss	-	-	-

14. SUBSEQUENT EVENTS

None.