ENKA İNŞAAT VE SANAYİ ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2024 WITH INDEPENDENT AUDITORS' REPORT

5 March 2025

This report includes 5 pages of independent auditors' report and 83 pages of consolidated financial statements together with their explanatory notes.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Enka İnşaat ve Sanayi A.Ş.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Enka İnşaat ve Sanayi A.Ş. (the ‘‘Company”) and its subsidiaries (“the Group”), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (*IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matters

The consolidated financial statements of the Group for the year ended 31 December 2023 were audited by another auditor who expressed an unqualified opinion on those consolidated financial statements on 22 March 2024.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming the auditor’s opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th>Key Audit Matter</th><th>How the matter was addressed during audit</th></tr>
<tr><td>Revenue Recognition from Construction Contracts

Revenue from construction contracts constitutes 70% of the Group's total revenue.

The subsidiaries of the Group operate in the construction sector have revenues amounting to USD 2,147,420 thousand against costs of USD 1,646,709 thousand as at 31 December 2024.

The recognition of the amount and timing of the revenue generated from construction contracts in the period in which they are incurred calculated and accounted for by using the input method under IFRS 15 Revenue from Contracts with Customer. By using the input method revenue is recognized by comparing the costs incurred by the Group for the fulfillment of performance obligations in a construction project to the expected total costs for the fulfillment of the performance obligation in the consolidated financial statements.

The measurement of contract revenue and estimation of the contract costs are based on a variety of uncertainties that depend on the outcome of future events and demand of revision to the projects which requires significant management's estimates and judgements.

Revenue recognition from construction contracts was determined as key audit matter, due to the significant management estimates and the level of judgement applied by management.</td><td>Our audit procedures for testing revenue recognition included below:
The processes for determining the accuracy and timing of revenue recognized in the financial statements have been reviewed, and the design and implementation of controls over these processes have been tested.
The estimates used by management have been evaluated, and the terms and conditions of significant construction contracts have been examined to determine whether the revenue was recognized in the appropriate periods.
Change orders in the project have been assessed to determine whether they were included in the contract price in accordance with the relevant accounting policies and the impact of such changes on project costs.
Among the costs incurred by the Group in ongoing construction projects, a sample was selected and tested with supporting documentation.
The mathematical accuracy of the revenue recognized from construction contracts, calculated based on the level of progress, has been tested using a recalculation method.
The cost budgets and forward-looking estimates for construction contracts have been compared with prior-year results to assess their reasonableness, and management’s assumptions regarding the progress levels and changes in cost budgets for the construction projects have been reviewed.
The disclosures related to revenue in the consolidated financial statement notes have been reviewed, and the adequacy and appropriateness of the information in these notes have been evaluated in terms of IFRS.
A sample of projects constituting the Group's revenue has been selected, and the completion percentages of the related projects have been tested using the recalculation method by an independent and specialized consultant.</td></tr>
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Key Audit Matters (Cont'd)

<table>
<tr><th>Key Audit Matter</th><th>How the matter was addressed during audit</th></tr>
<tr><td>

Determination of Fair Value of Investment Properties

As of 31 December 2024, the investment properties represent 18% of the Group's total assets.

The Group recognizes the investment properties at fair value. The Group uses independent valuation firms to determine the fair values of investment properties.

Valuation of investment property is determined as key audit matter, due to significant management estimates and judgement used in valuation methods to determine fair value of investment properties.

</td><td>

Our audit procedures for testing fair value measurement of investment property included below:

- The qualifications, independence, and competence of the independent appraisal experts selected by Management for determining the fair value of investment properties have been assessed.
- The appropriateness of key assumptions used in the calculations, such as long-term growth rates and discount rates applied to cash flows, has been reviewed.
- The appropriateness of inputs used in the valuation reports, such as rental income, lease terms, occupancy rates, and management expenses, has been evaluated with the assistance of valuation experts.
- The disclosures related to investment properties in the consolidated financial statement notes, including explanations regarding the key estimates and assumptions used to determine the fair value, have been assessed for their adequacy and compliance with IFRS.

</td></tr>
</table>

Responsibilities of Management and Those Charged With Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Cont'd)

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

İstanbul, 21 March 2025

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)
AS AT 31 DECEMBER 2024

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

ASSETS	Notes	31 December 2024	31 December 2023
Current Assets		**4,527,245**	**4,047,643**
Cash and cash equivalents	6	1,199,361	1,230,086
Financial investments	7	2,135,512	1,804,916
Trade receivables	9	439,196	363,282
Other receivables			
Other receivables from related parties	10,32	1	22
Other receivables from third parties	10	4,486	13,413
Costs and estimated earnings in excess of billings on uncompleted contracts	12	72,565	62,525
Prepaid expenses	16	215,697	234,633
Inventories	11	390,068	285,882
Other current assets	20	54,811	38,709
		4,511,697	4,033,468
Assets held for sale	29	15,548	14,175
Non-Current Assets		**5,776,264**	**5,359,885**
Financial investments	7	2,184,841	2,159,653
Investment properties	13	1,813,159	1,821,962
Property, plant and equipment	14	1,684,550	1,289,641
Right of use assets	15	40,892	59,763
Intangible assets			
Other intangible assets	15	49,365	15,011
Prepaid expenses	16	244	10,507
Deferred tax assets	30	2,627	3,226
Other non-current assets		586	122
TOTAL ASSETS		**10,303,509**	**9,407,528**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)
AS AT 31 DECEMBER 2024

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

LIABILITIES	**Notes**	**31 December 2024**	**31 December 2023**
Current Liabilities		**1,558,340**	**1,420,060**
Short-term borrowings	8	120	119
Current portion of long-term borrowings	8	4,196	4,359
Trade payables	9	356,218	290,822
Payables to employees	19	29,562	24,679
Other payables			
Payables to related parties	10,32	-	1
Payables to third parties	10	22,043	17,444
Billings in excess of costs and estimated earnings on uncompleted contracts	12	439,717	547,339
Deferred income	16	564,954	387,356
Taxation on income	30	32,979	34,950
Provisions			
Provisions for employee benefits	19	18,319	13,273
Other provisions	17	35,502	43,612
Other current liabilities	20	54,730	56,106
Non-Current Liabilities		**717,120**	**563,993**
Long-term borrowings	8	111,972	117,362
Other payables	10	25,582	22,682
Deferred income	16	-	1,078
Provisions for employee benefits	19	20,308	19,033
Deferred tax liabilities	30	559,258	403,838
EQUITY		**8,028,049**	**7,423,475**
Equity Attributable to Equity Holders of the Parent		**7,919,631**	**7,325,457**
Share capital	21	2,751,959	2,751,959
Treasury shares	21	(126,701)	(126,701)
Revaluation surplus	21	282,231	190,622
Currency translation difference		(1,549,670)	(1,487,368)
Other reserves		(10,803)	(10,496)
Legal reserves and accumulated profit		6,572,615	6,007,441
Non-Controlling Interests		**108,418**	**98,018**
TOTAL LIABILITIES AND EQUITY		**10,303,509**	**9,407,528**

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2024

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

	Notes	1 January - 31 December 2024	1 January - 31 December 2023
CONTINUING OPERATIONS			
Revenue	5,22	3,065,434	3,225,929
Cost of revenues (-)	5,22	(2,294,292)	(2,558,219)
GROSS PROFIT		**771,142**	**667,710**
Administrative expenses (-)	5,23	(168,429)	(136,550)
Marketing, selling and distribution expenses (-)	5,23	(30,489)	(24,406)
Other operating income	5,25	52,156	100,620
Other operating expenses (-)	5,25	(35,616)	(62,275)
PROFIT FROM OPERATIONS		**588,764**	**545,099**
Income from investing activities	5,26	588,783	572,419
Expenses from investing activities (-)	5,26	(63,537)	(206,869)
OPERATING PROFIT BEFORE FINANCE EXPENSES		**1,114,010**	**910,649**
Financial income	5,27	61,523	79,209
Financial expenses (-)	5,28	(61,847)	(63,227)
Net monetary loss (-)	5,35	(49,074)	(30,880)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		**1,064,612**	**895,751**
Current tax expense (-)	5,30	(137,518)	(168,438)
Deferred tax expense (-)	5,30	(129,839)	16,518
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**797,255**	**743,831**
NET PROFIT FOR THE YEAR		**797,255**	**743,831**
Attributable to:			
Non-controlling interests		44,448	30,169
Equity holders of the parent		752,807	713,662
		797,255	**743,831**
Earning per share from continuing operations			
- ordinary share certificate (full USD)	31	0.13	0.12
Weighted average number of shares (Weighted average number of shares of 1 Full TL each)		5,862,743,582	5,862,743,582

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024

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

	Notes	1 January - 31 December 2024	1 January - 31 December 2023
NET PROFIT FOR THE YEAR		**797,255**	**743,831**
Other Comprehensive Income:			
Items that will not be reclassified subsequently to profit or loss		***91,451***	***(2,429)***
Gains / (losses) on revaluation of property, plant and equipment	21	100,015	492
Remeasurement of defined benefit plans	19	(409)	(5,726)
Changes in currency translation difference	21	6,927	2,023
Income tax relating items that will not be reclassified subsequently to profit or loss	30	(15,082)	782
Income tax relating to gains / (losses) on revaluation of property, plant and equipment	21,30	(15,184)	(363)
Income tax relating to remeasurement of defined benefit plans	30	102	1,145
Items that may be reclassified subsequently to profit or loss		***74,001***	***(100,741)***
Changes in currency translation difference		74,001	(100,713)
Gains (Losses) on financial assets measured at fair value through other comprehensive income	30	-	(28)
OTHER COMPREHENSIVE INCOME / (LOSS)		**165,452**	**(103,170)**
TOTAL COMPREHENSIVE INCOME		**962,707**	**640,661**
Attributable to:			
Non-controlling interests		37,824	31,760
Equity holders of the parent		924,883	608,901
		962,707	**640,661**

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2024

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

	Notes	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)**	**188,672**	**(1,348,825)**	**(5,933)**	**5,369,832**	**6,828,511**	**75,385**	**6,903,896**
Total other comprehensive income		-	-	2,152	(138,543)	(4,563)	36,193	(104,761)	1,591	(103,170)
Profit for the year		-	-	-	-	-	713,662	713,662	30,169	743,831
Total comprehensive income		-	-	2,152	(138,543)	(4,563)	749,855	608,901	31,760	640,661
Increase (Decrease) through Treasury Share Transaction		-	493	-	-	-	-	493	-	493
Transfer of depreciation difference										
(net of deferred tax) of revaluation effect		-	-	(202)	-	-	202	-	-	-
Dividends paid		-	-	-	-	-	(112,448)	(112,448)	(9,127)	(121,575)
Balance at 31 December 2023		**2,751,959**	**(126,701)**	**190,622**	**(1,487,368)**	**(10,496)**	**6,007,441**	**7,325,457**	**98,018**	**7,423,475**
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**
Total other comprehensive income		-	-	91,860	(62,302)	(307)	142,825	172,076	(6,624)	165,452
Profit for the year		-	-	-	-	-	752,807	752,807	44,448	797,255
Total comprehensive income		-	-	91,860	(62,302)	(307)	895,632	924,883	37,824	962,707
Transfer of depreciation difference								-		-
(net of deferred tax) of revaluation effect		-	-	(251)	-	-	251	-	-	-
Dividends paid		-	-	-	-	-	(330,709)	(330,709)	(27,424)	(358,133)
Balance at 31 December 2024		**2,751,959**	**(126,701)**	**282,231**	**(1,549,670)**	**(10,803)**	**6,572,615**	**7,919,631**	**108,418**	**8,028,049**

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

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024

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

Cash flows from operating activities	**Notes**	**1 January - 31 December 2024**	**1 January - 31 December 2023**
Profit for the year		797,255	743,831
Adjustments to reconcile net income to net cash used in operating activities:			
- Adjustments related to depreciation and amortisation	24	117,723	102,297
- Adjustments related to provision for employment		5,114	3,262
- Adjustments related to allowance for doubtful receivables		92	127
- Adjustments related to provision for litigations		776	1,957
- Income / (loss) from fair value of forward transactions		(5,647)	(1,897)
- Adjustments to related to interest expense	28	2,341	3,630
- Adjustments to related to interest income	26,27	(83,774)	(84,367)
- Adjustments to related to dividend income	26	(10,438)	(19,893)
- Adjustments to related to provision for inventory impairment, net		967	2,971
- Adjustments to related to gain on sale or disposal of property, plant and equipment, net	26	(4,464)	(3,835)
- Adjustments to related to fair value increase in investment properties	26	(91,998)	(6,826)
- Adjustments to related to valuation of investment securities		(362,332)	(275,359)
- Interest accrual		-	108
- Tax expense	30	267,357	151,920
		632,972	617,926
Movements in working capital			
Change in trade and other receivables		(75,985)	(50,578)
Change cost and estimated earnings in excess of billings on uncompleted contracts		(10,040)	(34,270)
Change in inventory		(105,152)	83,473
Change in other current assets and other non current assets		20,185	12,721
Change in trade and other payables		65,396	(160,358)
Change in billings in excess of cost and estimated earnings on uncompleted contracts		(107,623)	123,748
Change provision for liabilities and other liabilities		189,027	45,580
		(24,192)	20,316
Income taxes paid	30	(139,489)	(192,489)
Employee termination benefits paid	19	(2,333)	(4,759)
Net cash generated from operating activities		**466,958**	**440,994**
Cash flows from investing activities			
Cash receipts from sales of equity or debt instruments of other entities		6,539	(118,397)
Proceeds on sale of property, plant and equipment		14,681	10,734
Purchases of property, plant and equipment, intangible assets and investment properties	5,13,14,15	(252,132)	(114,971)
Interest received		42,393	49,830
Dividend received	26	10,438	19,893
Net cash used in investing activities		**(178,081)**	**(152,911)**
Cash flows from financing activities			
Addition to long-term borrowings	8	-	53,068
Repayments of borrowings	8	(72)	(113,818)
Purchase of treasury shares		-	493
Interest paid		41,381	(3,282)
Interest received		(3,109)	34,429
Dividend paid to non-controlling interests		(27,424)	(9,127)
Dividend paid		(330,709)	(112,448)
Net cash from (used in) financing activities		**(319,933)**	**(150,685)**
Inflation effect		(121,194)	-
Translation reserve		121,525	66,397
Net increase / (decrease) in cash and cash equivalents		**(30,725)**	**203,795**
Cash and cash equivalents at beginning of the year	**6**	1,230,086	1,026,291
Cash and cash equivalents at end of the year	**6**	**1,199,361**	**1,230,086**

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

1. ORGANIZATIONS AND OPERATIONS OF THE GROUP

Enka İnşaat ve Sanayi Anonim Şirketi ("Enka İnşaat") was established on 4 December 1967 and registered in İstanbul, Turkey, under the Turkish Commercial Code. The address of the head quarter 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 December 2024, 8.38% of the shares of Enka İnşaat is traded publicly in İstanbul Stock Exchange (ISE).

As of 31 December 2024, the average numbers of white and blue-collar personnel are respectively 5,344 and 20,336 (31 December 2023 – 5,036 and 17,269).

For the purpose of the consolidated 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 Brasil in South America, Bahamas and Puerto Rico in Carribean.

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

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

1. ORGANIZATIONS AND OPERATIONS OF THE GROUP (cont'd)

As of 31 December 2024, Enka İnşaat has the following subsidiaries whose business and country ofincorporation are provided below:

Name of Subsidiary	Nature of business activities	Country of incorporation	Year of establishment
Enka Pazarlama İhracat İthalat Anonim Şirketi (Enka Pazarlama)	Engaged in marketing and after-sales service of construction machineries, trucks, industrial products and spare parts.	Turkey	1972
Çimtaş Çelik İmalat Montaj ve Tesisat Anonim Şirketi (Çimtaş)	Engaged in manufacturing of structural steel works, installation and establishing of the technical equipment.	Turkey	1973
Titaş Toprak İnşaat ve Taahhüt Anonim Şirketi (Titaş)	Engaged in all kinds of exacavation activities, excavation backfilling works and quarrying-crushing operation of highway projects.	Turkey	1974
Kasktaş Kayar Kalıp Altyapı Sondaj Kazık ve Tecrit Anonim Şirketi (Kasktaş)	Engaged in pile dwelling work, any kind of base and superstructure construction, slip form and construction of drilling and ground surveys.	Turkey	1975
Entaş Nakliyat ve Turizm Anonim Şirketi (Entaş)	The firm operates in organization of domestic and international conventions and seminars and also engaged in tour reservations and ticket sales.	Turkey	1976
Enka Teknik Genel Müteahhitlik Bakım İşletme Sevk ve İdare Anonim Şirketi (Enka Teknik)	Operates in the business of material handling and storage systems, auxilary facilities, water treatment and environmental engineering, infrastructure and construction, control systems and instrumentation engineering.	Turkey	1981
Entrade GmbH (Entrade)	Manages foreign investments of the Company.	Germany	1984
Limited Liability Company Enmar (Enmar)	Engaged in ready-mixed concrete production and various construction works.	Russia	1994
Airenka Hava Taşımacılığı A.Ş.(Airenka)	Engaged in all kinds of air transportation.	Turkey	2001
Enka Holding B.V.	Manages foreign investments of the Company.	Netherlands	2001
Enka Müteahhitlik Hizmetleri A.Ş. (Enka Müteahhitlik)	Engaged in construction activities.	Turkey	2002
Adapazarı Elektrik Üretim Limited Şirketi (Adapazarı Elektrik) (*)	Performs production and selling of electricity.	Turkey	2004
İzmir Elektrik Üretim Limited Şirketi (İzmir Elektrik) (*)	Performs production and selling of electricity.	Turkey	2004
Gebze Elektrik Üretim Limited Şirketi (Gebze Elektrik) (*)	Performs production and selling of electricity.	Turkey	2004
Enka Limited Liability Company (Enka LLC)	Manages the Company's construction, engineering and design jobs.	Ukraine	2006

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

1. ORGANIZATIONS AND OPERATIONS OF THE GROUP (cont'd)

Name of Subsidiary	**Nature of business activities**	**Country of incorporation**	**Year of establishment**
OMKH	Engaged in rental activities.	Russia	2017
Enka Renewables LLC	Engaged in energy investments.	Georgia	2016
Enka & Co LLC	Engaged in construction activities.	Oman	2010
Enka Enerji Ticaret A.Ş (*)	Will perform sale of electricity	Turkey	2006
Enka Kırklareli Elektrik Üretim A.Ş. (Kırklareli Elektrik) (*)	Performs production and selling of electricity.	Turkey	2022
Ustyurt Kurylys LLC	Engaged in construction activities.	Kazakhistan	2017
Enka Flex Offices LLC	Engaged in rental activities.	Russia	2021
Enka Moskova Gayrimenkul Geliştirme A.Ş.	Engaged in rental activities.	Turkey	2021
Enkamos Center Invest LLC	Engaged in rental activities.	Russia	2022
Enka Systems Yazılım A.Ş.	Engaged in trading activities	Turkey	2017
Enka Global Construction LLC	Engaged in construction activities	Mongolia	2022
Town Up 8 EOOD	Performs production and selling of electricity.	Bulgaria	2023
Enka Middle East LLC	Engaged in construction activities	Saudi Arabia	2024
Enka India Projects Private Limited	Engaged in design and engineering activities	India	2024

(*)Enka Enerji Ticaret A.Ş., Kırklareli Elektrik, İzmir Elektrik, Adapazarı Elektrik and Gebze Elektrik here and after are also referred to as "the Power Companies".

1. ORGANIZATIONS AND OPERATIONS OF THE GROUP (cont'd)

The construction contracts are undertaken by Enka İnşaat alone or together with its affiliated companies or, in partnerships with other contractors through joint operations. As of 31 December 2024, Enka İnşaat has the following joint operations:

Enka-Ustay Joint Venture (Turkey)
Enka-Batys LLP Joint Venture (Kazakhistan)
Bechtel-Enka Joint Venture (Kazakhistan) – Senimdy Kurylys
Bechtel-Enka Joint Venture (Romania)
Bechtel-Enka Joint Venture (Kosovo)
Bechtel-Enka Joint Venture (Albania)
Bechtel-Enka Joint Venture (North Macedonia)
Bechtel-Enka Joint Venture (Oman)
Bechtel-Enka Joint Venture (Georgia)
Bechtel-Enka Joint Venture (Serbia)
Bechtel Enka Joint Venture (United Kingdom)
Arge Joint Venture (Germany)
Other (Europe, Africa, America, Asia)

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of presentation

<u>Basis for preparation of the financial statements and significant accounting policies</u>

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") 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 ("IFRS") 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 IFRS.

The consolidated financial statements have been prepared on the historical cost convention as adjusted for the effects of inflation on Turkish Lira at the reporting date based on International Accounting Standard ("IAS") No. 29 "Financial Reporting in Hyperinflationary Economies" 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 consolidated financial statements are approved by the Company's Board of Directors on 05 March 2025. 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.

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

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 IAS 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.

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 each quarter. 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.

The year-end and average rates for 2024 for one U.S. Dollar can be summarized as below:

	2024	2023
U.S. Dollars/TL – as of balance sheet date	35.2803	29.4382
U.S. Dollars/TL – yearly average	32.7984	23.7776
EUR/U.S. Dollars – as of balance sheet date	1.0413	1.1065
EUR/U.S. Dollars – yearly average	1.0822	1.0815
U.S. Dollars/RUB – as of balance sheet date	101.6797	89.6883
U.S. Dollars/RUB – yearly average	92.5652	85.247

Inflation accounting

The cumulative inflation over the past three years has risen to just above 100% in the first quarter of 2022. Based on this information, Turkey is considered a hyperinflationary economy for reporting periods ending on or after 30 April 2022. Accordingly, entities with operations whose functional currency is the Turkish Lira should expect to apply IAS 29 Financial Reporting in Hyperinflationary Economies ("IAS 29") for those operations in the financial statements for reporting periods ending on or after 30 April 2022. Therefore, IAS 29 has been applied in the financial statements as at and for the year ended 31 December 2024.

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

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

2.1 Basis of presentation (cont'd)

<u>Accounting in hyperinflationary economies</u>

Consequently, the financial statements of the entities whose functional currency TL are restated for the changes in the general purchasing power of the Turkish Lira as at 31 December 2024 based on IAS 29. The restatement is calculated by means of conversion factors derived from the Turkish countrywide consumer price index published by the TSI. For the last three years, such indices and conversion factors used to restate the accompanying consolidated financial statements are as follows:

Date	Index	Conversion factor	Cumulative inflation rates over the three-year period
31.12.2024	2.684,55	1,00000	291%
31.12.2023	1.859,38	1,44379	268%
31.12.2022	1.128,45	2,37897	156%

IFRS require the financial statements of an entity with a functional currency that is hyperinflationary to be restated in accordance with IAS 29 requirements whether they are based on a historical cost or a current cost approach and to be applied retrospectively, as if the currency had always been hyperinflationary. The basic principle in IAS 29 is that the financial statements of an entity that reports in the currency of a hyperinflationary economy should be stated in terms of the measuring unit current at the reporting date. Comparative figures for prior period are restated into the same current measuring unit.

The main procedures applied for the restatements mentioned above are as follows:

- Monetary assets and liabilities that are carried at amounts current at the reporting date are not restated because they are already expressed in terms of the monetary unit current at the reporting date.
- Non-monetary assets and liabilities that are not carried at amounts current at the balance sheet date, and components of shareholders' equity are restated by applying the relevant conversion factors from the date of the transaction or, if applicable, from the date of their most recent revaluation to the reporting date.
- Property, plant and equipment are restated by applying the change in the index from the date of the transaction or, if applicable, from the date of their most recent revaluation to the reporting date. Depreciation is based on the restated amounts;
- All items in the income statement except for the depreciation charges explained above and deferred tax charges, are restated by applying the monthly conversion factors of the transactions to the reporting date
- The effects of inflation on the net monetary positions of the Company, is included in the profit or loss statement as "monetary gain / (loss)".
- All items in the cash flow statement are expressed in terms of the measuring unit current at the reporting date; and all items in the statement of cash flows are, therefore, restated by applying the relevant conversion factors from the date on which the transaction originated.
- All corresponding figures as of and for the period ended 31 December 2023 are restated by applying the change in the index from 31 December 2023 to 31 December 2024.

In the reporting period in which an entity identifies the existence of hyperinflation in the economy of its functional currency, not having been hyperinflationary in the prior period, the entity shall apply the requirements of IAS 29 as if the economy had always been hyperinflationary. Therefore, in relation to non-monetary items measured at historical cost, the entity's opening statement of financial position at the beginning of the earliest period presented in the financial statements shall be restated to reflect the effects of inflation from the date the assets were acquired and the liabilities were incurred or assumed until the end of the reporting period. For non-monetary items carried at the opening statement of financial position at amounts current at dates other than those of acquisition or incurrence, that restatement shall reflect instead the effect of inflation from the dates those carrying amounts were determined until the end of the reporting period.

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

2.1 Basis of presentation (cont'd)

Basis of consolidation

The consolidated financial statements comprise the financial statements of the parent company, its joint operations and its subsidiaries as at 31 December each year. The 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.

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

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

2.1 Basis of presentation (cont'd)

Basis of consolidation (cont'd)

The subsidiaries included in consolidation and their shareholding percentages at 31 December 2024 and 2023 are as follows:

			Direct / Indirect ownership	
Company name	Segment	Functional Currency	31 December 2024	31 December 2023
İzmir Elektrik	Energy	TL	100.00%	100.00%
Adapazarı Elektrik	Energy	TL	100.00%	100.00%
Gebze Elektrik	Energy	TL	100.00%	100.00%
Enka TC LLC	Trade	RUB	100.00%	100.00%
Mosenka	Rental	RUB	100.00%	100.00%
MKH	Rental	RUB	100.00%	100.00%
OMKH	Rental	RUB	100.00%	100.00%
Enka Enerji Ticaret A.Ş.	Energy	TL	100.00%	100.00%
Enka Holding B.V.	Construction	EUR	100.00%	100.00%
Enka Holding Investment S.A.	Construction	USD	100.00%	100.00%
Enka Power Systems B.V.	Construction	USD	100.00%	100.00%
Enka Construction & Development B.V.	Construction	EUR	100.00%	100.00%
Far East Development B.V.	Construction	USD	100.00%	100.00%
Enka Geothermal B.V.	Construction	EUR	100.00%	100.00%
Enmar LLC	Construction	USD	100.00%	100.00%
Entrade GmbH	Construction	EUR	100.00%	100.00%
Capital City Investment B.V.	Construction	USD	100.00%	100.00%
City Center Investment B.V.	Rental	USD	100.00%	100.00%
Enka LLC	Construction	USD	100.00%	100.00%
Retmos Investment Ltd.	Construction	USD	100.00%	100.00%
Emos LLC	Trade	RUB	100.00%	100.00%
Enmar Construction B.V.	Trade	EUR	100.00%	100.00%
Cmos B.V.	Trade	EUR	100.00%	100.00%
OOO Victoria	Construction	USD	100.00%	100.00%
Enka & Co LLC	Construction	USD	100.00%	100.00%
Enka Müteahhitlik	Construction	TL	100.00%	100.00%
Edco Investment B.V.	Rental	USD	100.00%	100.00%
Enru Development B.V.	Rental	EUR	100.00%	100.00%
Enkamos Region B.V.	Construction	EUR	100.00%	100.00%
Airenka	Trade	USD	100.00%	100.00%
Esta Construction B.V.	Construction	USD	100.00%	100.00%
Enka UK Construction Ltd.	Construction	USD	100.00%	100.00%

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

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

2.1 Basis of presentation (cont'd)

Basis of consolidation (cont'd)

			Direct / Indirect ownership	
Company name (continuing)	Segment	Functional Currency	31 December 2024	31 December 2023
Üstyurt Kurylys	Construction	USD	100.00%	100.00%
Enka Systems Yazılım A.Ş.	Trade	USD	100.00%	100.00%
LLC Enka Flex Office	Rental	RUB	100.00%	100.00%
Enka Moskova Gayrimenkul Geliştirme A.Ş.	Rental	TL	100.00%	100.00%
Emkamos Center Invest LLC	Rental	RUB	100.00%	100.00%
Enka Kırklareli Elektrik Üretim A.Ş.	Energy	TL	100.00%	100.00%
Enka Construction S.A.	Construction	USD	100.00%	100.00%
Enka Global Construction LLC	Construction	USD	100.00%	100.00%
Enka Construction & Development LLC	Construction	USD	100.00%	100.00%
Enka Pazarlama İhracat İthalat A.Ş.	Trade	EUR	99.99%	99.99%
Enka Trading B.V.	Trade	EUR	99.99%	99.99%
Metra Akdeniz Dış Ticaret A.Ş.	Trade	EUR	99.99%	99.99%
Encommerce B.V.	Trade	EUR	99.99%	99.99%
Entaş Nakliyat ve Turizm A.Ş.	Trade	TL	99.98%	99.98%
Kasktaş Kayar Kalıp Altyapı Sondaj Kazık ve Tecrit A.Ş.	Construction	USD	99.90%	99.90%
Kasktaş Arabia Ltd.	Construction	USD	99.90%	99.90%
Titaş Toprak İnşaat ve Taahhüt A.Ş.	Construction	USD	99.50%	99.50%
Çimtaş Gemi İnşa Sanayi ve Ticaret A.Ş.	Construction	USD	97.88%	97.88%
Çimtaş Hassas İşleme Sanayi ve Ltd.Şti	Construction	USD	97.35%	97.35%
Çimtaş Çelik İmalat Montaj ve Tesisat A.Ş.	Construction	USD	97.35%	97.35%
Cimtas Offshore B.V.	Construction	USD	97.35%	97.35%
Cimtas (Ningbo) Steel Processing Company Ltd.	Construction	USD	97.35%	97.35%
Cimtas Investment B.V.	Construction	EUR	97.35%	97.35%
Cimtas Steel Metal Konstruksiya MMC	Construction	AZN	97.35%	97.35%
Gemlik Deniz Taşımacılık Ltd.Şti.	Construction	USD	97.35%	97.35%
Enka Renewables LLC	Energy	USD	90.00%	90.00%
Enka Teknik Genel Müteahhitlik Bakım İşletme Sevk ve İdare A.Ş.	Construction	USD	80.00%	80.00%
Çimtaş Boru İmalatları ve Ticaret Ltd. Şti.	Construction	EUR	50.00%	50.00%
Town Up 8 EOOD	Energy	EUR	100%	100.00%
Cimtas Construction LLC	Construction	USD	92.50%	92.50%
Enka India Project Private Limited	Construction	USD	100.00%	-
Enka Middle East LLC	Construction	USD	100.00%	-
Çimtaş İleri Teknoloji Çözümleri A.Ş.	Construction	USD	97.35%	-
Blacksteel Teknoloji Yatırımları A.Ş.	Construction	USD	48.67%	-

The Group has interests in joint operations which are jointly controlled entities. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The Group recognizes its interest in the joint operations using proportionate consolidation.The breakdown of the controlling interests of the joint operations as of 31 December 2024 and 2023 is as follows:

	Functional Currency	31 December 2024	31 December 2023
Enka-Ustay Joint Venture (Turkey)	USD	60.00%	60.00%
Enka-Batys LLP Joint Venture (Kazakhistan)	USD	50.00%	50.00%
Bechtel-Enka Joint Venture (Kazakhistan) – Senimdy Kurylys	USD	50.00%	50.00%
Bechtel-Enka Joint Venture (Romania)	EUR	50.00%	50.00%
Bechtel-Enka Joint Venture (Albania)	EUR	50.00%	50.00%
Bechtel-Enka Joint Venture (Kosovo)	EUR	50.00%	50.00%
Bechtel-Enka Joint Venture (North Macedonia)	EUR	50.00%	50.00%
Bechtel-Enka Joint Venture (Oman)	USD	50.00%	50.00%
Bechtel-Enka Joint Venture (Georgia)	USD	50.00%	50.00%
Bechtel-Enka Joint Venture (Serbia)	USD	50.00%	50.00%
Bechtel Enka Joint Venture (United Kingdom)	GBP	50.00%	50.00%
Arge Joint Venture (Germany)	EUR	50.00%	50.00%
Other Joint Ventures (Europe, Africa, America, Asia)	USD	50.00%	50.00%

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

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

2.2 Changes in the accounting policies

With the exception of following the accounting policies applied in the consolidated financial statements as at and 31 December 2024 are the same as those applied in the last annual financial statements as at and for the year ended 31 December 2023.

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 year 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 year.

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 Summary of significant accounting policies

Standards and interpretations issued but not yet effective

Standards issued but not yet effective and not early adopted

A number of new standards and amendments to existing standards are not effective at reporting date and earlier application is permitted; however the Group has not early adopted are as follows.

New and Amended International Financial Reporting Standards

a) Amendments that are mandatorily effective from 2024

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

Amendments to IAS 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 *IFRS 16 Lease Liability in a Sale and Leaseback*

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

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

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

Amendments to *IAS 7 and IFRS 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.

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

2.4 Summary of significant accounting policies

Standards and interpretations issued but not yet effective

Standards issued but not yet effective and not early adopted (cont'd)

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 the Board Decision dated 16 December 2024 amending this announcement. 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 the Board Decision dated 16 December 2024 amending this announcement. Other entities may voluntarily report in accordance with TSRS.

The company is within the scope of application as it meets the criteria specified in the Board decision. There is no obligation to provide comparative information for the first reporting period for companies within the scope, and the sustainability report for the first year may be published after the financial reports for that period. Since the company is required to submit a report fully compliant with the TSRS within 2025, no later than nine months, it is targeted to be published in August 2025.

New and Amended International Financial Reporting Standards

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

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

IFRS 17	*Insurance Contracts*
Amendments to IFRS 17	*Initial Application of IFRS 17 and IFRS 9 — Comparative Information*
Amendments to IAS 21	*Lack of Exchangeability*

IFRS 17 *Insurance Contracts*

IFRS 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. IFRS 17 has been deferred for insurance, reinsurance and pension companies for a further year and will replace IFRS 4 *Insurance Contracts* on 1 January 2026.

Amendments to IFRS 17 *Insurance Contracts* and *Initial Application of IFRS 17 and IFRS 9 – Comparative Information*

Amendments have been made in IFRS 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 IFRS 17 and IFRS 9 at the same time to present comparative information about a financial asset as if the classification and measurement requirements of IFRS 9 had been applied to that financial asset before. Amendments are effective with the first application of IFRS 17.

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

2.4 Summary of significant accounting policies

Standards and interpretations issued but not yet effective

Standards issued but not yet effective and not early adopted (cont'd)

Amendments to IAS 21 *Lack of Exchangeability*

The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not. Amendments are effective from annual reporting periods beginning on or after 1 January 2025.

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

Revenue

In accordance with IFRS 15, a five-stage approach is followed in recognizing revenue for all contracts with customers.

- Identify the contract with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when or as the entity satisfies a performance obligation

The Group evaluates the goods or services it undertakes in each contract with the customers and determines each commitment to transfer the said goods or services as a separate performance obligation. It is determined in the beginning of the contract whether the performance obligation will be carried out over a period of time or it will be performed at a certain time for each performance obligation. Group recognizes the revenue over a period of time by measuring the progress attributed to complete fulfillment of performance obligation in question on the occasion that the Group transfers the control of a good or a service and therefore it fulfills the performance obligation related to these sales over time.

When Group fulfills the obligation to perform the obligation by transferring a promised good or service to the customer, it records the transaction value corresponding to the obligation as revenue in the consolidated financial statements. When the control of the goods or services is overtaken by the customers (or as they pass) the goods or services are transferred.

When Group evaluates the transfer of the customer for the control of the goods or services sold,

a) Group owns the right to collect the goods or services,
b) Owns legal ownership of the goods or services,
c) The transfer of the possession of the goods or services,
d) Ownership of the significant risks and rewards of ownership of the property of the customer,
e) Takes into consideration the conditions under which the customer accepts goods or services.

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

2.4 Summary of significant accounting policies (cont'd)

Revenue (cont'd)

Group does not make any adjustments to the effect of a significant financing component at the commitment price if the contract at the outset suggests that the period between the transfer date of the goods or services undertaken by the customer and the date the customer pays the price of the goods or services is one year or less. If the other party has significant financing within the revenue, the revenue value is determined by discounting future collections with the interest rate included in the financing element. The difference is recorded in the related periods as Other income from the main operations on the accrual basis.

The accounting for the revenue of the Group's different activities is explained below:

Construction contract activities

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognized by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs.

Revenue arising from cost plus fee contracts is recognized on the basis of costs incurred plus a percentage of the contract fee earned during the year.

Contract costs include all direct material and labor costs and those indirect costs related to contract performance, such as indirect labor, supplies, tools, repairs and depreciation costs. Selling, general and administrative expenses are charged to the consolidated statement of profit or loss as incurred. Provisions for estimated losses on uncompleted contracts are made in full, in the period in which such losses are determined. Changes in job performance, job conditions and estimated profitability, including those arising from contract penalty provisions and final contract settlements may result in revisions to costs and income and are recognized in the period in which the revisions are determined. Profit incentives are included in revenues when their realization is reasonably assured.

Contract assets arising from ongoing construction works indicates the revenue recognized on construction contracts in excess of billings, and contract liabilities arising from ongoing construction works indicate the billings in excess of the revenue recognized on construction contracts.

Group management does not recognize the additional receivables under compensation outside the scope of the contract that may be subject to litigation as income, unless negotiations have reached to an advanced stage such that it is probable that the customer will accept the claim and the amount of the additional receivable can be measured reliably.

Energy activities

In 2021, Enka Energy Companies resumed their production activities, which had been halted since 2019, once they were included in the capacity mechanism in order to create the necessary conditions in the electricity market and to ensure sufficient installed power capacity for a secure supply. Companies conduct their electricity sales in organized electricity markets (Day-Ahead Market, Intraday Market, Balancing Power Market). Day Ahead and Intraday Markets are operated by the market operator, Energy Exchange Istanbul ("EPİAŞ" or "EXIST"), within the framework of the Electricity Market Balancing and Settlement Regulation. EPİAŞ establishes reference prices for said markets, performs financial transactions such as settlement, collateral, invoicing, and provides central counterparty services in the markets it operates. In addition, the settlement activities regarding the Balancing Power Market, the operation of the Renewable Energy Resources Support Mechanism ("YEKDEM") and free consumer transactions are also carried out by EPİAŞ. The price of electricity sold daily by the companies in the markets (excluding VAT and other costs) is collected from EPİAŞ within two business days and recognised as income. The amount, unit price, amount and other expenses calculated by EPİAŞ in accordance with the provisions of the regulation are finalised with the "Final Settlement Notice" prepared by EPİAŞ and sent to the market participants on the fifteenth (15th) day of the end of the relevant month, or the next day in case of weekends or national holidays and an invoice is issued for the accrued revenues as of this date.

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

2.4 Summary of significant accounting policies (cont'd)

Revenue (cont'd)

Commercial activities

Earnings from sales as a result of commercial activities; All significant risks related to the Group, and the transfer of gains to the buyer on an administrative involvement associated with the property and on the goods sold lack of effective control, reliable measurement of income, economic benefits associated with the transactionthe flow to the business is likely and the costs arising from or will be reliably measurement conditions are recorded as income. Net sales are estimated from the sales amount of the goods and realized It is shown by deducting returns, discounts, commissions, turnover premiums and sales-related taxes.

Rental income

Rental income arising on investment properties is accounted for on a straight-line basis over the lease terms on ongoing leases. Rental income collected in advance is treated as deferred income and is amortised on a monthly basis during the lease period.

Rendering of services

Revenue is recognized by reference to the stage of completion.

Interest income

Interest income is recognized in the consolidated statement of profit or loss on an accrual basis taking into account the effective yield on the asset.

Dividends

Revenue is recognized when the Group's right to receive the payment is established.

Segment Reporting

An operating segment is a component of the Group that engages in business activities through which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Group's management to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

The operating segments of the Group are construction, rental, trade and energy, and they are disclosed in Note 5.

Inventories

Inventories are valued at the lower of cost or net realizable value. Costs incurred in bringing each product to its present location and condition, are included in the cost. Raw materials, spare parts, merchandise and construction materials - purchase cost on moving weighted average basis.

The Group also provides an allowance for the slow moving and obsolete items.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

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

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

2.4 Summary of significant accounting policies (cont'd)

Property, plant and equipment

With the exception of land and buildings, items of property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment in value. Land is not depreciated. The initial cost of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Land and buildings are carried at revalued amounts. Any revaluation increase arising on the revaluation of such land and buildings is recognized in other comprehensive income and accumulated in equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognized in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such land and buildings is recognized in profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Repairs and maintenance are charged to the consolidated statements of profit or loss during the financial period in which they are incurred. The costs of major renovations are included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group.

Depreciation is provided on all property, plant and equipment using the straight-line method at rates which approximate estimated useful lives of the related assets as follows:

	Useful life
Land improvements	5-50 years
Buildings	50 years
Power plant equipment	35 years
Pipelines	16 years
Electrical interconnection lines	16 years
Machinery and equipment	4-10 years
Motor vehicles	3-10 years
Furniture and fixtures	5-10 years
Barracks, scaffolding and formworks	5 years
Aircrafts	10-15 years
Others	5-10 years

Power plant equipment is recorded at its original cost of construction. Significant additions or improvements are capitalized when they extend the life, improve the efficiency or increase the earnings capacity of the asset. Expenditures for maintenance, repairs and minor renewals to maintain facilities in operating condition are expensed as incurred.

The asset's residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each financial year end.

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

2.4 Summary of significant accounting policies (cont'd)

Intangible assets (except goodwill)

Intangible assets mainly includes software rights, they are initially recognized at acquisition cost that are amortized over 3 to 10 years on straight-line basis.

<u>Derecognition of intangible assets</u>

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

Investment properties

Land and buildings that are held in the production of supply of goods or services of for administrative purposes or for long term rental yields or for capital appreciation or both rather than for the sale in the ordinary course of business are classified as "investment property". Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the balance sheet date. Gains or losses arising from changes in the fair values of investment properties are included in the consolidated statement of profit or loss in the year in which they arise.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the consolidated statement of profit or loss in the year of retirement or disposal.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale.

Business combinations

The acquisition of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognized and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date; and
- Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

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

2.4 Summary of significant accounting policies (cont'd)

Business combinations

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in the consolidated statement of profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. If the contingent consideration classified as an asset or liability is a financial instrument and is in the scope of IFRS 9 Financial Instruments standard, the contingent consideration is measured at fair value and the gain or loss arising from the change is recognized in profit or loss or other comprehensive income. Those not included in IFRS 9 are accounted for in accordance with IAS 37 Provisions or other appropriate IFRS.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquire prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

Business combinations that took place prior to 1 January 2010 were accounted for in accordance with the previous version of IFRS 3.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss in the consolidated statement of profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

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

2.4 Summary of significant accounting policies (cont'd)

Assets held for sale

The Group measures a non-current asset (or disposal group) classified as held for sale at the lower of its carrying amount and fair value less costs to sell, and depreciation on such assets are ceased.

The Group classifies a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use.

Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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

2.4 Summary of significant accounting policies (cont'd)

Impairment of non-financial assets (cont'd)

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in consolidated statement of profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognized in the consolidated statement of profit or loss in the period in which they are incurred.

Financial Instruments

Recognition and measurement

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- it is its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group may irrevocably make preference about presentation of subsequent changes in its fair value in other comprehensive income on initial recognition of non-trading equity investment. This is made separately for each investment.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.

On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

2.4 Summary of significant accounting policies (cont'd)

Financial Instruments (cont'd)

Financial Instruments: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management.

Financial assets that are managed on the basis of fair value and whose performance is assessed accordingly are measured at fair value through profit or loss.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest:

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

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

2.4 Summary of significant accounting policies (cont'd)

Financial Instruments (cont'd)

Financial assets – subsequent measurement and gains and losses

The following accounting policies apply to the subsequent measurement of financial assets.

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

<u>Cash and cash equivalents</u>

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments which their maturities are three months or less from date of acquisition and that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. The Group's cash and cash equivalents are classified under the category of 'Loans and Receivables'.

<u>Financial liabilities</u>

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Financial liabilities are classified as either financial liabilities at fair value through profit and loss or other financial liabilities.

a) Financial liabilities at fair value through profit and loss

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL. Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability.

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

2.4 Summary of significant accounting policies (cont'd)

Financial Instruments (cont'd)

Financial liabilities (cont'd)

b) Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Derivative financial instruments and hedging

Derivative financial instruments are initially recognized at fair value and are subsequently remeasured at their fair value. Derivative financial instruments of the Group predominantly constitute forward foreign currency purchase and sale contracts.

The fair value of forward foreign exchange contracts measured at fair value and associated with the consolidated profit or loss is calculated by reference to the market interest rates valid for the rest of the contract for the relevant currency for the relevant period, by comparison with exchange rate. Derivatives are recorded as assets or liabilities in the balance sheet, respectively, depending on whether the fair value is positive or negative differences arising from the fair value of derivative financial instruments except for the cash flow hedge explained below are reflected in the profit and loss statement in the consolidated statements of income.

Cash flow hedge

The Group performs cross currency transactions with participation option to hedge the cash flow risk of variable and fixed rate financial instruments and liabilities in different currencies. The effective portion of the fair value change of the hedging instrument in the cash flow hedge accounting is recognized in "other comprehensive income", while the ineffective portion is recognized in the in profit or loss. In the periods in which the cash flows of the hedged item affect the profit or loss, the profit or loss of the hedging instrument is also removed from equity and reflected to the income statement. In addition, the time value change in the options included in the structured cross-currency swaps is recognized in other comprehensive income as the hedging cost.

According to IFRS 9, the hedging relationship ends when the required criteria are no longer met after rebalancing. The termination of the hedging relationship is not accepted if the required criteria are met. In the event that the hedging target changes, the hedging instrument expires or is sold, terminated or used, the hedging accounting ends when the economic relationship between the hedging instrument and the hedged item is eliminated or the credit risk affects the fair value changes arising from the economic relationship.

When the Group discontinued hedge accounting for cash flow variability, the amount accumulated in the cash flow hedge fund is recognized as follows;

- The profit or loss recognized in other comprehensive income and presented in the hedging reserve under equity remains there until the cash flows of the hedged item realised.

- When the cash flows from the hedged item is expected not to be realised, the gain or loss accumulated under equity is recognized immediately in profit or loss.

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

2.4 Summary of significant accounting policies (cont'd)

Financial Instruments (cont'd)

Accounting at the date of transaction

All financial assets are recognized and derecognized on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned.

Offsetting

Financial assets and liabilities are offset and the net amount is reported in the consolidated balance sheet when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Derecognition

Financial assets

The Group derecognized a financial asset when the contractual rights to the cash flows from the asset expired, or it transferred the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset were transferred. Any interest in such transferred financial assets that was created or retained by the Group was recognized as a separate asset or liability.

The Group continues to recognize the financial asset in the statement of financial position if it retains substantially all the risks and benefits arising from the ownership of a financial asset.

Financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expired. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

Impairment of financial assets

Financial assets and contract assets

The Group recognizes loss allowances for the expected credit losses of the following items:

- financial assets measured at amortized cost;
- contract assets (as defined in IFRS 15).

Under IFRS 9, loss allowances are measured on either of the following bases:

Financial assets measured at amortized cost;

- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument;and

Bank balances for which credit risk has not increased significantly since initial recognition;

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date.

The Group has elected to measure loss allowances for trade receivables and contract assets at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

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

2.4 Summary of significant accounting policies (cont'd)

Financial Instruments (cont'd)

Impairment of financial assets (cont'd)

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of "investment grade".

The maximum time to be measured by the ECLs is the maximum contractual period that the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

For trade receivables, other receivables, other assets and contract assets the Group applies the simplified approach to providing for expected credit losses (IFRS 9 requires the use of the lifetime expected loss provision for all trade receivables). The expected credit losses were calculated based on actual credit loss experience over the past years.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Presentation of impairment

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is recognized in OCI, instead of reducing the carrying amount of the asset.

Trade receivables

The following analysis provides further detail about the calculation of ECLs related to trade receivables and contract assets on the adoption of IFRS 9. The Company considers the model and some of the assumptions used in calculating these ECLs as key sources of estimation uncertainty.

The Group has calculated the ECLs according to the experience of credit losses in the last three years. The Group performed the calculation of ECL for receivables at the reporting date. Exposures within each group were segmented based on common credit risk characteristics such as credit risk grade, delinquency status, geographic region, age of relationship.

Retention Receivables from Contractors

The Group's progress billings from its employees are subject to retention deductions, which vary, based on the individual agreements. These balances are collected based on contract terms either via letter of bank guarantees or from the contractors upon successful completion of the contract at the end of the warranty period. Retention receivables are measured at initial recognition at fair value, and are subsequently measured at amortized cost using the effective interest rate method.

Retention Payables to Subcontractors

The Group's progress billings to its subcontractors are subject to retention deductions, which vary, based on the individual agreements. These payables are paid to subcontractors after they successfully complete the guarantee periods. Retention payables are measured at initial recognition at fair value, and are subsequently measured at amortized cost using the effective interest rate method.

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

2.4 Summary of significant accounting policies (cont'd)

Effect of changes in foreign exchange rates

Transactions in currencies other than functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. Foreign currency indexed monetary assets and liabilities are recorded at the rates of exchange prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Nonmonetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognized in the consolidated statement of profit or loss in the period in which they arise.

Earnings per share

Basic earnings per share (EPS) disclosed in the consolidated statement of profit or loss are determined by dividing net profit by the weighted average number of shares that have been outstanding during the related year concerned.

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares (Bonus Shares) to existing shareholders without a consideration for amounts resolved to be transferred to share capital from retained earnings. For the purpose of the EPS calculation, such bonus share distributions are regarded as stock dividends. If the number of ordinary shares outstanding increases as a result of a capitalization, bonus issue or share split, or decreases as a result of a reverse share split, the calculation of basic EPS for all periods presented is adjusted retrospectively. If these changes occur after the balance sheet date but before the financial statements are authorized for issue, the EPS calculations for those and any prior period financial statements presented is based on the new number of shares.

Provisions, contingent liabilities, contingent assets

Provisions

Provisions are recognized when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense.

Contingent liabilities and assets

If contingent liabilities does not carry a high probability of resource allocation (cash outlow), they are not recognized in the consolidated financial statements but disclosed in the footnotes. However, contingent assets are not recognized in consolidated financial statements but disclosed in the footnotes when an inflow of economic benefits is probable.

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

2.4 Summary of significant accounting policies (cont'd)

Leases

The Group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately.

i. As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

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

2.4 Summary of significant accounting policies (cont'd)

Leases (cont'd)

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

ii. As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other revenue'.

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

2.4 Summary of significant accounting policies (cont'd)

Related parties

Related parties are individuals or entities that are related to the entity that is preparing its financial statements (reporting entity).

a) An individual or a close family member is considered related party of the reporting entity when the following criteria are met: If a certain individual,

i) Has control or joint control over the reporting entity,

ii) Has significant influence over the reporting entity,

iii) Is a key management personnel of the reporting entity or a parent company of the reporting entity.

b) An entity is considered related party of the reporting entity when the following criteria are met:

i) If the entity and the reporting entity is within the same group (meaning every parent company, subsidiary and other subsidiaries are considered related parties of others.

ii) If the reporting entity is a subsidiary or a joint venture of another entity (or of another entity that the entity is within the same group).

iii) If both of the entities are a joint venture of a third party.

iv) If one of the entities are a joint venture of a third party while the other entity is a subsidiary of this third party.

v) lf entity has plans of post employment benefits for employees of reporting entity or a related party of a reporting entity. If the reporting entity has its own plans, sponsor employers are also considered as related parties.

vi) If the entity is controlled or jointly controlled by an individual defined in the article (a).

vii) If an individual defined in the clause (i) of article (a) has significant influence over the reporting entity or is a key management personnel of this certain entity (or a parent company of the entity)

Related party transaction is the transfer of resources, services or liabilities regardless of whether a price is charged or not.

Income tax

Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis.

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted by the balance sheet date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of profit or loss.

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

2.4 Summary of significant accounting policies (cont'd)

Income tax (cont'd)

Deferred income tax is provided, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts. Deferred income tax liabilities are recognized for all taxable temporary differences.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax assets and unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that, in the management's judgment, it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each balance sheet date and are recognized to the extent it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet dates.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities, and deferred taxes relate to the same taxable entity and the same taxation authority. Deferred tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of profit or loss.

Employee termination benefits

The Group has both defined benefit and defined contribution plans as described below:

<u>Vacation pay liability</u>

In accordance with the existing labor law in Turkey, the Company is required to pay to the employee, whose employment is terminated due to any reasons, the wage of the deserved and unused vacation days over the gross prevailing wage and other benefits subject to contract at the date the contract is terminated.. Unused leave provision is the earned and unused vacation rights of its employees of the Company, and measured on an undiscounted basis and are recognised in profit or loss as the related service is provided.

<u>Retirement pay provision</u>

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Group. Such payments are considered as being part of defined retirement benefit plan as per International Accounting Standard 19 (revised) "Employee Benefits" ("IAS 19").

The retirement benefit obligation recognized in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses. Actuarial gains and losses are accounted as other comprehensive income.

Personnel working in branches operating in foreign countries and joint-operations do not have any employee termination benefit as there is no legal obligation in these countries.

<u>Defined contribution plans</u>

The Company and its subsidiaries in Turkey pay contributions to publicly administered Social Security Fund on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due.

Foreign subsidiaries and joint operations contribute to the related government body for the pension scheme of its employees in the country they are domiciled. Mandatory contributions to the governmental pension scheme are expensed when incurred.

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

2.4 Summary of significant accounting policies (cont'd)

Statement of cash flows

Cash flows are classified according to operating, investment and finance activities in the consolidated statement of cash flows.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, excluding short term deposits with an original maturity of more than three months and deposits blocked in bank accounts as collateral.

Events after the reporting period

Events after the reporting period, also known as 'subsequent events' include any favorable or unfavorable event that took place between the balance sheet date and the publication date of the balance sheet, despite any possible event that might arise after the publicization of any information regarding profits or other financial figures.

The Group adjusts its consolidated financial statements if such adjusting subsequent events arise.

The Group adjusts its consolidated financial statements if such adjusting subsequent events arise.

2.5 Significant accounting judgements, estimates and assumptions

The preparation of the consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that are reflected in the measurement of income and expense in the consolidated statement of profit or loss and in the carrying value of assets and liabilities in the consolidated balance sheet, and in the disclosure of information in the notes to the consolidated financial statements. Managements do exercise judgment and make use of information available at the date of the preparation of the consolidated financial statements in making these estimates. The actual future results from operations in respect of the areas where these judgments and estimates have been made may in reality be different than those estimates.

The key assumptions concerning the future and other key resources of estimation at the consolidated balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year and the significant judgments (apart from those involving estimations) with the most significant effect on amounts recognized in the consolidated financial statements are as follows:

a) Determination of total estimated project costs, profitability and calculation of loss accruals under the scope of IFRS 15 (Note 12).

b) Fair value of investment properties under the scope of IAS 40 "Investment Property" and land and buildings under the scope of IAS 16 "Property, Plant and Equipment" (Note 13 and 14).

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3. DIVIDENDS

Based on the power vested in the Board of Directors of Enka İnsaat 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. The Dividend decided to be distributed was distributed on 14 May 2024.

In 2024 and 2023, the Group distributed dividends as detailed below:

	2024		2023	
	Dividend (TL)	Dividends per share	Dividend (TL)	Dividends per share
Ordinary share owners (1 Full TL nominal value) (*)	10,259,801	1,75 Full TL	2,130,130	0,36 Full TL
Founder share owners	86,000	86 Full TL	23,743	23,74 Full TL
Enka Holding share owners	43,000	43 Full TL	11,872	11,87 Full TL
	10,388,801 TL		2,165,745 TL	

(*)The amount of dividends distributed to the shares bought back by the Company has been deducted.

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4. INTEREST IN JOINT OPERATIONS

The Group's share in the assets and liabilities and the profit/loss of the of the joint operations using the proportionate consolidation method on a line by line basis is as follows:

	31 December 2024	31 December 2023
ASSETS		
Current Assets		
Cash and cash equivalents	322,043	449,683
Financial investments	12,652	12,847
Trade receivables	162,662	131,862
Other receivables	1,016	1,289
Inventories	13,227	9,023
Costs and estimated earnings in excess of billings on uncompleted contracts	3,073	46,592
Other current assets	27,793	55,476
Group's share in current assets of joint operations	**542,466**	**706,772**
Non-Current Assets		
Property, plant and equipment	156,680	116,204
Accumulated depreciation	(71,820)	(58,935)
Group's share in joint operations in property, plant and equipment	**84,860**	**57,269**
LIABILITIES		
Current Liabilities		
Trade payables	37,313	41,686
Billings in excess of costs and estimated earnings on uncompleted contracts	379,331	438,721
Taxation on income	4,276	1,790
Provisions	21,220	28,666
Provisions for employee benefits	7,536	6,202
Other current liabilities	83,313	162,858
Group's share in current liabilities of joint operations	**532,989**	**679,923**

The Group's share in the consolidated statement of profit or loss of the joint operations using the proportionate consolidation method on a line by line basis is as follows:

	1 January - 31 December 2024	1 January - 31 December 2023
Revenue	769,656	768,518
Cost of revenue	(538,435)	(560,677)
Other operating income	7,185	4,087
Other operating expenses	(1)	(48)
Income from investing activities	233	-
Financial income	12,400	5,755
Financial expenses	(3,271)	(2,058)
Taxation charge	(49,164)	(56,816)
Net profit	**198,603**	**158,761**

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5. 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 and manufacturing.

a) Business segments:

	1 January - 31 December 2024					
	Construction contracts	Rental	Trade	Energy	Eliminations	Consolidated
Revenues	2,147,420	328,741	261,745	327,528	-	3,065,434
Inter-segment revenues	106,121	6,542	17,005	-	(129,668)	-
Cost of revenues (-)	(1,646,709)	(114,951)	(178,815)	(353,817)	-	(2,294,292)
Inter-segment cost of revenues (-)	(106,121)	(6,542)	(17,005)	-	129,668	-
Gross profit	500,711	213,790	82,930	(26,289)	-	771,142
Administrative expenses (-)	(137,637)	(6,958)	(7,124)	(16,710)	-	(168,429)
Marketing, selling and distribution expenses (-)	(9,641)	(6,079)	(14,769)	-	-	(30,489)
Other operating income	41,293	4,216	2,753	3,894	-	52,156
Other operating expenses (-)	(23,580)	(941)	(1,027)	(10,068)	-	(35,616)
Profit from operations	371,146	204,028	62,763	(49,173)	-	588,764
Investment income	504,189	84,337	-	257	-	588,783
Investment expenses (-)	(44,690)	(18,642)	-	(205)	-	(63,537)
Profit from operations Before financial income/(expenses)	830,645	269,723	62,763	(49,121)	-	1,114,010
Financial income	38,186	2,271	7,486	13,593	(13)	61,523
Financial expenses (-)	(27,420)	(19,936)	(9,904)	(4,600)	13	(61,847)
Net monetary loss (-)	-	-	(4,763)	(44,311)	-	(49,074)
Profit before tax	841,411	252,058	55,582	(84,439)	-	1,064,612
Current tax expense (-)	(83,775)	(38,759)	(14,806)	(178)	-	(137,518)
Deferred tax expense (-)	(50,902)	(77,760)	520	(1,697)	-	(129,839)
Profit/(Loss) for the year from continuing operations	706,734	135,539	41,296	(86,314)	-	797,255

	31 December 2024				
	Construction contracts	Rental	Trade	Energy	Consolidated
Segment assets	6,706,143	1,873,771	272,370	1,451,225	10,303,509
Total assets	6,706,143	1,873,771	272,370	1,451,225	10,303,509
Segment liabilities	1,448,273	489,469	118,634	219,084	2,275,460
Total liabilities	1,448,273	489,469	118,634	219,084	2,275,460

	1 January - 31 December 2024				
Other segment information	Construction contracts	Rental	Trade	Energy	Consolidated
<u>Capital expenditures</u>					
Property, plant and equipment & investment property	78,452	3,616	2,469	165,775	250,312
Intangible assets	501	53	373	11	938
Total capital expenditures	78,953	3,669	2,842	165,786	251,250
Depreciation expenses	51,885	1,487	2,532	58,985	114,889
Amortization expenses	2,502	43	212	77	2,834

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

5. SEGMENTAL INFORMATION (cont'd)

a) Business segments (cont'd)

	1 January - 31 December 2023					
	Construction contracts	Rental	Trade	Energy	Eliminations	Consolidated
Revenues	1,955,824	320,227	248,431	701,447	-	3,225,929
Inter-segment revenues	86,149	3,359	28,093	-	(117,601)	-
Cost of revenues (-)	(1,557,049)	(105,809)	(159,906)	(735,455)	-	(2,558,219)
Inter-segment cost of revenues (-)	(82,944)	(6,564)	(28,093)	-	117,601	-
Gross profit	401,980	211,213	88,525	(34,008)	-	667,710
Administrative expenses (-)	(107,002)	(8,002)	(11,637)	(9,909)	-	(136,550)
Marketing, selling and distribution expenses (-)	(8,803)	(4,807)	(10,796)	-	-	(24,406)
Other operating income	60,227	21,860	9,431	9,102	-	100,620
Other operating expenses (-)	(49,852)	(2,389)	(2,520)	(7,514)	-	(62,275)
Profit from operations	296,550	217,875	73,003	(42,329)	-	545,099
Investment income	521,210	49,646	1,260	303	-	572,419
Investment expenses (-)	(162,975)	(43,894)	-	-	-	(206,869)
Profit from operations Before financial income/(expenses)	654,785	223,627	74,263	(42,026)	-	910,649
Financial income	31,147	2,204	12,400	33,560	(102)	79,209
Financial expenses (-)	(26,158)	(9,308)	(26,886)	(977)	102	(63,227)
Net monetary loss (-)	-	-	(6,559)	(24,321)	-	(30,880)
Profit before tax	659,774	216,523	53,218	(33,764)	-	895,751
Current tax expense (-)	(108,216)	(36,452)	(15,936)	(7,834)	-	(168,438)
Deferred tax expense (-)	23,421	(10,493)	981	2,609	-	16,518
Profit/(Loss) for the year from continuing operations	574,979	169,578	38,263	(38,989)	-	743,831

	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 December 2023				
Other segment information	Construction contracts	Rental	Trade	Energy	Consolidated
<u>Capital expenditures</u>					
Property, plant and equipment & investment property	48,112	1,106	2,191	62,902	114,311
Intangible assets	147	63	428	22	660
Total capital expenditures	48,259	1,169	2,619	62,924	114,971
Depreciation expenses	47,283	1,890	2,186	47,380	98,739
Amortization expenses	3,293	28	148	89	3,558

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5. SEGMENTAL INFORMATION (cont'd)

b) Geographical segments

	1 January - 31 December 2024					
	Turkey	Russian Federation, Kazakhstan	Europe	Other	Eliminations	Consolidated
Net sales	1,169,759	975,515	686,335	233,825	-	3,065,434
Inter-segment sales	123,126	6,542	-	-	(129,668)	-
Capital expenditures	174,480	7,521	66,801	2,448	-	251,250

	31 December 2024					
	Turkey	Russian Federation, Kazakhstan	Europe	Other	Eliminations	Consolidated
Segmental assets	6,704,825	2,633,884	581,288	383,512	-	10,303,509

	1 January - 31 December 2023					
	Turkey	Russian Federation, Kazakhstan	Europe	Other	Eliminations	Consolidated
Net sales	1,621,449	960,598	413,508	230,374	-	3,225,929
Inter-segment sales	111,037	6,564	-	-	(117,601)	-
Capital expenditures	76,883	9,848	23,386	4,854	-	114,971

	31 December 2023					
	Turkey	Russian Federation, Kazakhstan	Europe	Other	Eliminations	Consolidated
Segmental assets	5,755,795	2,703,855	701,161	246,717	-	9,407,528

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6. CASH AND CASH EQUIVALENTS

	31 December 2024	31 December 2023
Cash on hand	3,296	1,352
Cash in bank		
Demand deposits	840,908	875,674
Time deposits	355,087	352,981
Other	70	79
	1,199,361	1,230,086

Informations about the nature and level of risks related to cash and cash equivalents are provided in Note 33.

Time deposits with maturities less than three months are as follow:

	31 December 2024	31 December 2023
Fixed Interest Rate		
United States Dollar (USD)	1.75%-4.27%	4.60%-5.22%
EURO	2.53%-3.50%	3.49%-3.50%
Russian Ruble (RBL)	18.75%-21.80%	13.75%
Great Britain Pound (GBP)	3.85%	4.73%
Turkish Lira (TL)	38.00%-48.22%	20.00%-45.00%

7. FINANCIAL INVESTMENTS

Current financial investments

Short-term financial investments of the Group classified as financial assets at fair value through profit or loss as of 31 December 2024 and 2023 are detailed below:

Financial assets at fair value through profit or loss	31 December 2024	31 December 2023
Private Sector Bonds		
- International markets	148,964	12,847
- Domestic market	15,845	-
Foreign Government Bonds		
- International markets	510,549	618,340
Equity Securities		
- International markets	1,186,892	971,868
Mutual Funds		
- International markets	273,262	201,861
	2,135,512	1,804,916

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7. FINANCIAL INVESTMENTS (cont'd)

Non-current financial investments

Long-term financial investments of the Group classified as financial assets at fair value through profit or loss as of 31 December 2024 and 2023 are detailed below:

Financial assets at fair value through profit or loss	31 December 2024	31 December 2023
Private Sector Bonds		
- International markets	419,304	299,443
Foreign Government Bonds		
- International markets	1,605,586	1,563,368
Turkish Government Bonds		
- International markets	159,951	296,842
	2,184,841	2,159,653

Maximum maturity dates of financial assets in the nature of borrowings are as follows:

	31 December 2024	31 December 2023
Private Sector Bonds - International markets	15 August 2052	15 August 2052
Foreign Government Bonds - International markets	15 October 2026	17 October 2044
Turkish Government Bonds - International markets	30 May 2040	30 May 2040

The explanations regarding the nature and level of risks in financial investments are provided in note 34.

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

8. FINANCIAL LIABILITIES

a) Borrowings

The Group has no borrowings from financial loans in 2024 and 2023.

The reconciliation of the cash flows arising from the financing activities of the year ended 31 December 2024 and the movements in liabilities is as follows:

			Non-cash		
	31 December 2023	Cash flows	Exchange rate change	Other non-cash movements	31 December 2024
Short term bank loans	-	-	-	-	-
Long term bank loans	-	-	-	-	-
Lease obligations (ST)	4,359	(4,196)	-	4,033	4,196
Lease obligations (LT)	117,362	4,124	(11,719)	2,205	111,972
Total liabilities arising from financing activities	121,721	(72)	(11,719)	6,238	116,168

The reconciliation of the cash flows arising from the financing activities of the year ended 31 December 2023 and the movements in liabilities is as follows:

			Non-cash		
	31 December 2022	Cash flows	Exchange rate change	Other non-cash movements	31 December 2023
Short term bank loans	56,237	(57,943)	1,706	-	-
Long term bank loans	-	-	-	-	-
Lease obligations (ST)	4,908	(4,359)	-	3,810	4,359
Lease obligations (LT)	127,189	1,552	(22,453)	11,074	117,362
Total liabilities arising from financing activities	188,334	(60,750)	(20,747)	14,884	121,721

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

8. FINANCIAL LIABILITIES (cont'd)

b) Lease obligations

	31 December 2024			
Short-term borrowings	Weighted Average Interest Rate	Currency Type	Original Currency	USD Equivalent
Lease obligations				120
Total short-term borrowings				**120**

	31 December 2024			
	Weighted Average Interest Rate	Currency Type	Original Currency	USD Equivalent
Current portion of long-term lease obligations	3.00%	RUB	426,666	4,196
				4,196
Long-term	8.50%	USD	11,001	11,001
	3.00%	RUB	10,250,675	100,813
	2.94%	EUR	151	158
				111,972
				116,168

	31 December 2023			
Short-term borrowings:	Weighted Average Interest Rate	Currency Type	Original Currency	USD Equivalent
Lease obligations				119
Total short-term borrowings				**119**

	31 December 2023			
	Weighted Average Interest Rate	Currency Type	Original Currency	USD Equivalent
Current portion of long-term				
	3.00%	RUB	390,965	4,359
				4,359
Long-term	7.50%	USD	9,788	9,788
	3.00%	RUB	9,513,628	106,075
	3.24%	EUR	172	190
	4.03%	TL	38,523	1,309
				117,362
				121,721

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

8. FINANCIAL LIABILITIES (cont'd)

c) Lease commitments

As of 31 December 2024 and 2023, repayment schedule of lease obligations are as follows:

	31 December 2024	31 December 2023
Less than 1 year	4,196	4,359
1 - 5 years	23,643	26,216
More than 5 years	88,329	91,146
Total lease obligations	116,168	121,721

9. TRADE RECEIVABLES AND PAYABLES

a) Trade receivables

Short-term trade receivables	31 December 2024	31 December 2023
Trade receivables, net	180,780	176,572
Contract receivables	261,460	192,733
Notes and cheques receivables, net	3,363	1,248
Retention receivables (*)	809	496
	446,412	371,049
Less: Expected credit loss	(7,216)	(7,767)
	439,196	363,282

(*) Retention receivables are described as withheld by the jobowners until the contracts are completed or, in certain instances for even longer periods and undue trade receivables in the construction contracts.

Collection periods of receivables from construction works depends on the agreement conditions are between 30 and 90 days.

For the years ended 31 December 2024 and 2023, movement of expected credit loss receivables is as follows:

	1 January - 31 December 2024	1 January - 31 December 2023
Balance at beginning of the year	7,767	13,408
Additional provision (Note 25)	92	127
Foreign currency translation effect	(477)	122
Amounts recovered during the year (Note 25)	(77)	(52)
Write-offs (*)	(89)	(5,838)
Closing balance	7,216	7,767

(*) Allowances of the previous periods which were decided as uncollectibles were written-off as of 31 December 2024 and 2023.

Explanations about the nature and level of risks related to trade receivables are provided in Note 33.

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

9. TRADE RECEIVABLES AND PAYABLES (cont'd)

b) Trade payables

Short-term trade payables	31 December 2024	31 December 2023
Trade payables	350,834	288,278
Notes payable	56	144
Other trade payables	5,328	2,400
	356,218	290,822

Explanations about the nature and level of risks related to trade payables are provided in Note 33.

10. OTHER RECEIVABLES AND PAYABLES

a) Other receivables

Short-term other receivables	31 December 2024	31 December 2023
Deposits and guarantees given	4,486	13,413
Other receivables from related parties (Note 32)	1	22
	4,487	13,435

b) Other payables

Short-term other payables	31 December 2024	31 December 2023
Deposits and guarantees taken	22,043	17,444
Other payables to related parties (Note 32)	-	1
	22,043	17,445

Long-term other payables	31 December 2024	31 December 2023
Deposits and guarantees taken	25,582	22,682
	25,582	22,682

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

11. INVENTORIES

	31 December 2024	31 December 2023
Raw materials and spare parts	202,776	170,958
Work in progress	76,984	42,689
Trade goods (machinery and others)	49,105	33,771
Finished goods	6,137	10,659
Goods in transit	14,095	6,735
Construction materials	46,870	26,004
Allowance for impairment on inventory (*)	(5,899)	(4,934)
	390,068	285,882

(*) As of 31 December 2024 and 2023, allowance for impairment on finished goods and trade goods is recognized as an expense in cost of sales.

As of 31 December 2024, there is not any pledge on inventories (31 December 2023 - None).

12. CONSTRUCTION CONTRACTS

	31 December 2024	31 December 2023
Costs incurred on uncompleted contracts	3,326,560	3,217,847
Recognized profit less recognized losses to date, net	1,169,479	995,253
	4,496,039	4,213,100
Less: Progress billing	(4,863,191)	(4,697,914)
	(367,152)	(484,814)

The net balance is included in the consolidated balance sheet under the following captions:

	31 December 2024	31 December 2023
Costs and estimated earnings in excess of billings on uncompleted contracts (net)	72,565	62,525
Billings in excess of costs and estimated earnings on uncompleted contracts (net)	(439,717)	(547,339)
	(367,152)	(484,814)

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

13. INVESTMENT PROPERTIES

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

	1 January - 31 December 2024	1 January - 31 December 2023
Opening balance	1,821,962	2,028,224
Currency translation difference	(105,833)	(225,218)
Change in fair value, net (Note 26)	72,755	6,826
Transfers from fixed assets (Note 14)	14,685	-
Additions	2,763	-
Change in present value of lease obligations	6,866	12,130
Disposals	(39)	-
Closing balance	1,813,159	1,821,962

Investment properties include mainly real estate properties in Russia and Turkey which are leased to tenants. As of 31 December 2024 and 2023 investment properties consist of real estates in Russia from which rent income is obtained and lands and buildings held as investment in Turkey amounting to USD 26,323 (31 December 2023 - USD 12,839).

"Business Valuation Bureau LLC" which is licenced by Russian Federation as an independent valuation firm, has revalued the fair values of the investment properties of the Group in Russia.

Investment properties of the consolidated subsidiaries Mosenka, MKH, Enkamos Region BV and Enka TC have been revalued at fair value. Fair values of such investment properties are reviewed every year through the report of independent valuers. As of 31 December 2024, the fair values of investments properties of the consolidated subsidiaries Enkamos Region BV, MKH, Mosenka and Enka TC have been set respectively as follows: MKH; 10.78 million RUB equivalent to USD 106,060 (31 December 2023 - 10.39 million RUB equivalent to USD 115,903), Mosenka; 5.17 million RUB equivalent to USD 50,833 (31 December 2023 – 5.07 million RUB equivalent to USD 56,512), Enkamos Region BV; 5.56 million RUB equivalent to USD 54,696 (31 December 2023 – 5.18 million RUB equivalent to USD 57,802) and Enka TC; 57.07 million RUB equivalent to USD 561,254 (31 December 2023 – 52.96 million RUB equivalent to USD 590,467).

The fair values of the investment properties of the Group in Russia, determined at 31 December 2024 as USD 901,088 (31 December 2023 - USD 878,004). The investment properties of the Group located in Moscow includes land leased from Moscow City Authorities under a 49 year operating lease agreement, which are renewable at the option of the Group.

The investment properties owned by the Group are carried at fair value determined by independent professionally qualified valuers on the basis of market value supported by market evidence and other information obtained in the course of market research. Fair values of such investment properties are periodically reviewed by the Group through the report of independent valuers.

As of 31 December 2024 and 2023 the reports of independent valuers are prepared based on valuation models such as income capitalization, discounted cash flow model and market value model. The fair value of the properties have not been determined based on income capitalization method in case of lack of transactions observable in the market because of the nature of the property and the lack of comparable data. The fair value of the investment properties of the Group are estimated by using income capitalization method, with capitalization and discount rates ranging between 10.50% - 11.50% to 20.69% - 21,52% (31 December 2023 – 10.50% and 18.40% to 22.86%) respectively.

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

13. INVESTMENT PROPERTIES (cont'd)

For the years ended 31 December 2024 and 2023 fair value hierarchy table of investment properties is as follows:

		Fair value as at 31 December 2024		
	31 December 2024	Level 1 USD	Level 2 USD	Level 3 USD
Investment properties in Russia	1,786,836	-	-	1,786,836
Investment properties in Turkey	26,323	-	26,323	-
Total	1,813,159	-	26,323	1,786,836

		Fair value as at 31 December 2023		
	31 December 2023	Level 1 USD	Level 2 USD	Level 3 USD
Investment properties in Russia	1,809,123	-	-	1,809,123
Investment properties in Turkey	12,839	-	12,839	-
Total	1,821,962	-	12,839	1,809,123

There is no transition between second and third levels during the year.

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

14. PROPERTY, PLANT AND EQUIPMENT

	Land and land improvements	Buildings and barracks	Machinery and equipment	Motor vehicles	Furniture and fixtures	Scaffolding and formworks	Aircraft (*)	Others	Construction in progress	Total
Cost										
Opening balance as of 1 January 2024	248,303	185,068	2,037,635	51,898	65,265	7,200	20,625	20,249	82,720	2,718,963
Currency translation differences	10,890	1,717	311,012	(46)	1,014	(71)	-	(154)	56,396	380,758
Revaluation (**)	88,473	24,527	-	-	-	-	-	-	-	113,000
Additions	129	2,914	57,988	7,166	8,708	178	-	995	169,471	247,549
Disposals	(793)	(4,606)	(22,007)	(2,092)	(5,752)	(936)	-	(576)	(1,273)	(38,035)
Transfer to investment property	-	(16,379)	-	-	-	-	-	-	-	(16,379)
Transfers	2,882	(20,401)	(921)	407	476	-	-	(1,540)	(3,029)	(22,126)
Closing balance as of 31 December 2024	349,884	172,840	2,383,707	57,333	69,711	6,371	20,625	18,974	304,285	3,383,730
Accumulated depreciation										
Opening balance as of 1 January 2024	(28,015)	(49,495)	(1,244,979)	(29,403)	(51,045)	(4,699)	(6,103)	(15,583)	-	(1,429,322)
Currency translation differences	(5,263)	(79)	(181,789)	495	(395)	(317)	-	(161)	-	(187,509)
Charge of the year	(300)	(7,431)	(95,301)	(4,473)	(4,864)	(371)	(1,337)	(812)	-	(114,889)
Other reclassifications(***)	34	2,197	815	(381)	(439)	-	-	764	-	2,990
Transfer to investment property	-	1,694	-	-	-	-	-	-	-	1,694
Disposals	-	4,657	16,985	1,529	3,841	734	-	110	-	27,856
Closing balance as of 31 December 2024	(33,544)	(48,457)	(1,504,269)	(32,233)	(52,902)	(4,653)	(7,440)	(15,682)	-	(1,699,180)
Net book value as of 1 January 2024	220,288	135,573	792,656	22,495	14,220	2,501	14,522	4,666	82,720	1,289,641
Net book value as of 31 December 2024	316,340	124,383	879,438	25,100	16,809	1,718	13,185	3,292	304,285	1,684,550

(*) The amount consists of the aircraft used by subsidiary of the Company, Air Enka.

(**) As of 31 December 2024, Group's investments in Turkey are revalued by "Denge Gayrimenkul Değerleme ve Danışmanlık A.Ş." which is a CMB licensed independent valuation firm and hotel building of OMKH is revalued by independent qualified valuer "Business Valuation Bureau LLC". Revaluation difference arising from difference between book value and fair value is netted off with the related deferred tax and classified as revaluation surplus and included under equity. Revaluations are made by discounted cash flow methods.

(***) Other reclassifications are classifiacations between sub-groups of fixed assets and have no effect on net book value of fixed assets.

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

14. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Land and land improvements	Buildings and barracks	Machinery and equipment	Motor vehicles	Furniture and fixtures	Scaffolding and formworks	Aircraft (*)	Others	Construction in progress	Total
Cost										
Opening balance as of 1 January 2023	234,165	185,259	1,919,448	49,561	60,746	6,159	20,625	19,779	10,205	2,505,947
Currency translation differences	6,123	(2,610)	72,545	836	247	522	-	(197)	37,496	114,962
Revaluation	(1,545)	1,549	-	-	324	-	-	164	-	492
Additions	9,586	3,077	40,730	4,100	6,358	580	-	1,119	48,761	114,311
Disposals	(112)	(2,228)	(5,126)	(2,599)	(2,450)	(41)	-	(596)	(145)	(13,297)
Transfers	86	21	10,038	-	40	(20)	-	(20)	(13,597)	(3,452)
Closing balance as of 31 December 2023	248,303	185,068	2,037,635	51,898	65,265	7,200	20,625	20,249	82,720	2,718,963
Accumulated depreciation										
Opening balance as of 1 January 2023	(26,457)	(44,440)	(1,124,004)	(26,925)	(49,260)	(4,241)	(4,766)	(14,895)	-	(1,294,988)
Currency translation differences	(1,235)	(342)	(40,304)	(207)	173	(12)	-	199	-	(41,728)
Revaluation (**)	-	273	-	-	(447)	-	-	(109)	-	(283)
Charge of the year	(331)	(6,310)	(81,945)	(3,607)	(3,815)	(478)	(1,337)	(916)	-	(98,739)
Disposals	8	1,324	1,274	1,336	2,304	32	-	138	-	6,416
Closing balance as of 31 December 2023	(28,015)	(49,495)	(1,244,979)	(29,403)	(51,045)	(4,699)	(6,103)	(15,583)	-	(1,429,322)
Net book value as of 1 January 2023	207,708	140,819	795,444	22,636	11,486	1,918	15,859	4,884	10,205	1,210,959
Net book value as of 31 December 2023	220,288	135,573	792,656	22,495	14,220	2,501	14,522	4,666	82,720	1,289,641

(*) The amount consists of the aircraft used by subsidiary of the Company, Air Enka.
(**) Other reclassifications are classifiacations between sub-groups of fixed assets and have no effect on net book value of fixed assets.

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

14. PROPERTY, PLANT AND EQUIPMENT (cont'd)

As of 31 December 2024, there is no security on the property, plant and equipment of the Group (31 December 2023 - None).

If the buildings were measured using the cost model, the carrying amounts would be as follows:

	31 December 2024	31 December 2023
Cost	312,725	344,682
Accumulated depreciation	(105,479)	(106,946)
Net book value	207,246	237,736

The distribution of depreciation expenses as of 31 December 2024 and 2023 is presented in Note 24.

As of 31 December 2024 and 2023 fair value hierarchy table of fixed asset is as follows:

		Fair value as at 31 December 2024		
	31 December 2024	Level 1 USD	Level 2 USD	Level 3 USD
Lands	316,340	-	316,340	-
Buildings	124,383	-	-	124,383
Total	440,723	-	316,340	124,383

		Fair value as at 31 December 2023		
	31 December 2023	Level 1 USD	Level 2 USD	Level 3 USD
Lands	220,288	-	220,288	-
Buildings	135,573	-	-	135,573
Total	355,861	-	220,288	135,573

There is no transition between second and third levels during the year.

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

15. OTHER INTANGIBLE ASSETS

	1 January - 31 December 2024	1 January - 31 December 2023
Cost		
Opening balance	53,261	51,298
Currency translation difference	225	224
Additions	938	660
Transfers	38,876	1,097
Disposals	(661)	(18)
Closing balance	92,639	53,261
Accumulated amortization		
Opening balance	(38,250)	(34,624)
Currency translation difference	(2,813)	(68)
Charge of the year	(2,834)	(3,558)
Disposals	623	-
Closing balance	(43,274)	(38,250)
Carrying value	49,365	15,011

As of 31 December 2024, there is no pledge on intangible assets (31 December 2023 - None).

The distribution of amortization expenses as of 31 December 2024 and 2023 is presented in Note 24.

	1 January - 31 December 2024	1 January - 31 December 2023
Right of Use Assets		
Opening balance	59,763	59,524
Currency translation difference	(53)	(83)
Addition	882	-
Revaluation of buildings	(992)	-
Transfers	(16,750)	2,355
Depreciation	(1,958)	(2,033)
Closing balance	40,892	59,763

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16. PREPAID EXPENSES AND DEFERRED INCOME

Short-term Prepaid Expenses	31 December 2024	31 December 2023
Advances given	197,748	220,994
Prepaid expenses	17,949	13,639
	215,697	234,633

Long-term Prepaid Expenses	31 December 2024	31 December 2023
Advances given	-	6,976
Prepaid expenses	244	3,531
	244	10,507

Short-term Deferred Income	31 December 2024	31 December 2023
Advances taken	514,327	341,518
Deferred income	50,627	45,838
	564,954	387,356

Long-term Deferred Income	31 December 2024	31 December 2023
Advances taken	-	1,078
	-	1,078

As of 31 December 2024, the amount of advances received of subsidiaries and companies shares in joint operations is USD 508,237 (31 December 2023: USD 336,415).

17. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

Short-term accrued expenses	31 December 2024	31 December 2023
Accrual for construction costs	21,220	28,801
Provision for legal claims	11,175	11,123
Accrued expenses	2,546	3,332
Other accured expenses	561	356
	35,502	43,612

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

18. COMMITMENTS

Operating lease commitments – Group as lessor

The minimum future rental income of the Group under non-cancelable operating leases at 31 December 2024 and 2023 are as follows:

	31 December 2024	31 December 2023
Within one year	259,072	250,385
After one year but not more than five years	429,120	390,119
More than 5 years	53,332	67,475
	741,524	707,979

Litigations

As of 31 December 2024, there is not any litigation regarding the Group's receivables (31 December 2023 – None).

The breakdown of letters of guarantee, guarantee notes given, mortgage and pledges (together referred to as Guarantees) by the Group as of 31 December 2024 and 2023 is as follows:

	31 December 2024		31 December 2023	
Letters of guarantee, guarantee notes given, mortgage and pledges	Original Currency	USD Equivalent	Original Currency	USD Equivalent
A. Total amount of guarantees provided by the Company on behalf of itself	-	1,140,975	-	814,389
-USD	228,046	228,046	132,827	132,827
-EUR	309,598	322,374	309,175	342,108
-TL	1,387,368	39,324	1,290,288	43,830
-Others (*)	-	551,231	-	295,624
B. Total amount for guarantees provided on behalf of subsidiaries accounted under full consolidation method	-	108	-	113
-USD	85	85	85	85
-EUR	-	-	-	-
-TL	822	23	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	-	-	-	-
		1,141,083		814,502

(*) U.S Dollar equivalents of letters of guarantee, guarantee notes given, mortgage and pledges other than USD, TL and EUR.

As of 31 December 2024 the portion of other guarantess given to shareholders' equity is 0% (31 December 2023 - 0%).

The sanctions imposed on Russia and the ongoing Ukraine-Russia tension may affect the Group's operations in this country. The mentioned impacts are beyond the control of the companies operating in the country. Companies operating in Russia must consider certain risks that are not generally observable in other markets. The accompanying consolidated financial statements include the Group's management assumptions regarding its operations and financial position in Russia. Russia's future economic situation may differ from the assumptions made by the Group's management.

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

19. PROVISIONS FOR EMPLOYEE BENEFITS

a) Short-term employee benefits

Liabilities with the scope of employee benefits

	31 December 2024	31 December 2023
Payroll payable and related taxes	29,562	24,679
	29,562	24,679

Short-term provisions related to employee benefits

	31 December 2024	31 December 2023
Bonus accrual	10,441	6,388
Vacation pay liability	7,878	6,885
	18,319	13,273

b) Long-term employee benefits

In accordance with existing social legislation, the Company and its subsidiaries incorporated in Turkey are required to make lump-sum payments to employees whose employment is terminated due to retirement or for reasons other than resignation or misconduct. Such payments are calculated on the basis of 30 days’ pay limited to a maximum of full TL 41,828.42 equivalent to full USD 1,186 (31 December 2023 - full TL 23,489.83 equivalent to full USD 798) per year of employment at the rate of pay applicable at the date of retirement or termination.

The liability is not funded as there is no funding requirement.

The provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of employees. IAS 19 requires actuarial valuation methods to be developed to estimate the enterprise’s obligation under defined benefit plans. Accordingly, the following actuarial assumptions were used in the calculation of the total liability:

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as at 31 December 2024, the provision has been calculated by estimating the present value of the future probable obligation of the Company arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated , assuming an annual inflation rate of 22.70% - 24.75% and a discount rate of 2.50% - 4.41 % (31 December 2023 28.43% infliation rate and 2.47% discount rate).

Estimated amount of retirement pay not paid due to voluntary leaves is also taken into consideration. Retirement ceiling pay revised each six month period basis and ceiling amount of full TL 46,655.43 equivalent to full USD 1,322 which is in effect since 1 January 2025 is used in the calculation of Groups’ provision for retirement pay liability (1 January 2023 – full TL 35,058.58 equivalent to full USD 1,191).

Movements of the provision for employee termination benefits for the years ended 31 December 2024 and 2023 are as follows:

	1 January - 31 December 2024	1 January - 31 December 2023
Opening balance	19,033	19,218
Service cost	4,568	7,086
Actuarial loss	409	5,726
Retirement benefits paid	(2,333)	(4,759)
Currency translation difference	(1,369)	(8,238)
Closing balance	20,308	19,033

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

20. OTHER ASSETS AND LIABILITIES

Other current assets	31 December 2024	31 December 2023
Deferred VAT	26,327	12,219
VAT receivable	13,315	16,042
Prepaid taxes and funds	8,215	5,659
Other	6,954	4,789
	54,811	38,709

Other current liabilities	31 December 2024	31 December 2023
VAT payable	45,621	47,361
Taxes and funds payable	7,556	7,248
Other	1,553	1,497
	54,730	56,106

21. SHARE CAPITAL AND RESERVES

a) Share capital

The shareholders of the Group and their percentage of ownership as of 31 December 2024 and 2023 is as follows:

	31 December 2024		31 December 2023	
	Percentage of ownership	Amount	Percentage of ownership	Amount
Tara Holding A.Ş.	49.80%	1,370,475	49.80%	1,370,475
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%	823,062	29.91%	823,062
	100%	2,751,959	100%	2,751,959
Purchase of treasury shares (*)		(126,701)		(126,701)
		2,625,258		2,625,258

(*) Group's buyback transactions have reached 137,256,418 shares (2023 – 137,256,418) in 2024.

As of 31 December 2024, 8.38% of the shares of Enka İnşaat is traded publicly in İstanbul Stock Exchange (ISE).

Within the above mentioned shares, founders of Enka İnşaat and former Enka Holding have one thousand founders share each. The founder shares of Enka İnşaat and the founder shares of former Enka Holding are entitled to receive, 5% and 2.5%, respectively, of the net income after the deduction of legal reserve and the first dividends.

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

21. SHARE CAPITAL AND RESERVES (cont'd)

b) Revaluation surplus

Revaluation fund

Revaluation difference arising from difference between book value and fair value of the buildings is netted off with the related deferred tax and classified as revaluation surplus and included under equity.

The movement of revaluationf fund for the years 2024 and 2023 is as follows:

	1 January- 31 December 2024	1 January- 31 December 2023
Opening balance	190,622	188,672
Currency translation difference	6,927	2,023
Revaluation of fixed assets	100,015	492
Deferred tax effect of revaluation of fixed assets	(15,082)	(363)
Transfer of depreciation difference (net of deferred tax) of revaluation effect	(251)	(202)
Closing balance	282,231	190,622

Financial Risk Hedge Fund

The cash flow hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the hedging instruments that are recognised and accumulated under the heading of cash flow hedging reserve will be reclassified to profit or loss when the hedged transaction affects the profit or loss, or included as a basis adjustment to the non-financial hedged item, consistent with the relevant accounting policy.

c) Legal reserves and accumulated profit

The legal reserves consist of first and second reserves, appropriated in accordance with the Turkish Commercial Code ("TCC"). The TCC stipulates that the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the company's paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in share capital. Under the TCC, the legal reserves can be used only to offset losses and are not available for any other usage unless they exceed 50% of paid-in share capital. Dividend distributions are made in TL in accordance with its Articles of Association, after deducting taxes and setting aside the legal reserves as discussed above.

Listed companies in Turkey make profit distributions in accordance with the regulations of CMB.

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

21. SHARE CAPITAL AND RESERVES (cont'd)

c) Legal reserves and accumulated profit (cont'd)

Equity inflation adjustment and carrying value of extraordinary reserves can be used in free capital increase, cash profit distribution and loss deduction. However, equity inflation adjustment is subject to corporate tax if it is used in cash profit distribution.

As of 31 December 2024, legal reserves of Enka İnşaat are amounting to TL 3,451,210 equivalent to USD 97,823 (31 December 2023 – TL 2,418,304 equivalent to USD 82,149).

The movement of the share capital (in numbers and in historical TL) of the Group during 31 December 2024 and 2023 is as follows:

	31 December 2024		31 December 2023	
	Number	TL	Number	TL
At 1 January,	5,862,743,582	5,862,743	5,860,782,600	5,860,782
Bonus shares issued out of general reserve	-	-	-	-
Treasury shares	-	-	1,960,982	1,961
	5,862,743,582	5,862,743	5,862,743,582	5,862,743

d) Remeasurement of defined benefit plans

As a result of adoption of IAS 19, actuarial gains and losses are recognized as other comprehensive income.

22. REVENUE AND COST OF REVENUE

Revenue	1 January - 31 December 2024	1 January - 31 December 2023
Domestic sales	1,169,759	1,621,449
Export sales	1,895,675	1,604,480
	3,065,434	3,225,929

Cost of Revenue	1 January - 31 December 2024	1 January - 31 December 2023
Cost of domestic sales	937,062	1,404,686
Cost of export sales	1,357,230	1,153,533
	2,294,292	2,558,219

Segmental information of the Group is disclosed in Note 5.

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

23. MARKETING, SALES, DISTRIBUTION AND ADMINISTRATIVE EXPENSES

	1 January - 31 December 2024	1 January - 31 December 2023
Administrative expenses	168,429	136,550
Marketing, sales and distribution expenses	30,489	24,406
	198,918	160,956

a) Marketing, sales and distribution expenses

	1 January - 31 December 2024	1 January - 31 December 2023
Employee benefit expenses	22,128	18,821
Advertisement & Commission Expenses	4,485	2,254
Transportation expenses	652	698
Office expenses	982	769
Business development expenses	254	89
Depreciation and amortization expenses (Note 24)	745	565
Other	1,243	1,210
	30,489	24,406

b) General administrative expenses

	1 January - 31 December 2024	1 January - 31 December 2023
Employee benefit expenses	131,763	106,569
Consulting and legal expenses	2,732	3,302
Depreciation and amortization expenses (Note 24)	3,830	4,955
Insurance expense	4,525	4,684
Transportation expenses	5,466	5,160
Office Expenses	3,077	2,811
Rent expenses	298	238
Other	16,738	8,831
	168,429	136,550

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

24. EXPENSES BY NATURE

Depreciation and amortization expenses are detailed below:

	1 January - 31 December 2024	1 January - 31 December 2023
Depreciation expenses		
Cost of revenues	108,375	91,256
Selling and administrative expenses	4,231	5,250
Other operating expense	2,283	2,233
	114,889	98,739
Amortization expenses		
Cost of revenues	2,490	3,288
Selling and administrative expenses	344	270
	2,834	3,558
	117,723	102,297

Employee benefit expenses are detailed below:

	1 January - 31 December 2024	1 January - 31 December 2023
Wages and salaries	362,029	322,772
Social security costs	89,151	85,607
Provision for employee termination benefits (Note 19)	4,568	7,086
Other benefits	8,048	7,865
	463,796	423,330

25. OTHER OPERATING INCOME / EXPENSES

Other operating income	1 January - 31 December 2024	1 January - 31 December 2023
Foreign exchange gains from trade receivables	18,107	53,863
Machinery and other rent income	1,347	2,031
Scrap sales income	467	-
Repaired spare parts gained as an inventory	3,585	2
Compensation income*	4,024	21,802
Insurance compensation income	6,590	9,597
Service income	6,448	3,564
Collection of doubtful receivables (Note 9)	77	52
Commission income	-	186
Other	11,511	9,523
	52,156	100,620

* These are the contract cancellation compensations obtained from the customers by the Group's subsidiaries in the real estate sector.

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25. OTHER OPERATING INCOME / EXPENSES (cont'd)

Other operating expense	1 January - 31 December 2024	1 January - 31 December 2023
Foreign exchange losses from trade receivables	10,643	38,236
Donations	6,483	5,984
Litigation provisions	905	1,968
Tax penalties	308	953
Capital increase expense	-	307
Provision for doubtful receivables (Note 9)	92	127
Disposal from fixed assets	2,383	554
Service expense	10,838	-
Other	3,964	14,146
	35,616	62,275

26. INVESTMENT INCOME / EXPENSES

Income from investing activities	1 January - 31 December 2024	1 January - 31 December 2023
Interest income from financial investments	42,393	49,830
Increase in value of financial investments	224,579	294,152
Increase in the fair value of property, plant and equipment	12,377	-
Increase in the fair value of investment properties	91,024	49,624
Income from sale of securities	162,799	132,627
Foreign exchange income from investing activities	40,646	22,386
Dividend income	10,438	19,893
Gains from sales of property, plant and equipment	4,527	3,907
	588,783	572,419

Expenses from investing activities	1 January - 31 December 2024	1 January - 31 December 2023
Decrease in the fair value of investment properties	(18,269)	(42,798)
Foreign exchange losses from investing activities	(20,159)	(12,579)
Losses from sale of securities	(25,046)	(151,420)
Loss from sales of property, plant and equipment	(63)	(72)
	(63,537)	(206,869)

*"Losses from valuation of investment securities" classified under Expenses from Investing Activities is the valuation loss resulting from valuation of Financial Investment amounting to USD 4,320,353 in the Group's balance sheet within the scope of IFRS 9. The breakdown of this valuation loss by financial assets is as follows.

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

26. INVESTMENT INCOME / EXPENSES (cont'd)

Financial assets at fair value through profit or loss	31 December 2024	31 December 2023
Private sector bonds	9,870	13,010
Foreign Government bonds	3,888	115,946
Equity securities	171,286	139,306
Turkish Government bonds	797	936
Mutual funds	38,738	24,954
	224,579	294,152

27. FINANCIAL INCOME

	1 January - 31 December 2024	1 January - 31 December 2023
Foreign exchange gains	14,802	41,653
Interest income	41,381	34,537
Forward transactions income	5,340	3,019
	61,523	79,209

28. FINANCIAL EXPENSES

	1 January - 31 December 2024	1 January - 31 December 2023
Bank commission expenses	10,055	8,852
Foreign exchange losses	48,177	43,090
Forward transactions losses	-	5,685
Interest expenses	2,341	3,630
Commission expenses of letters of guarantee	1,274	1,970
	61,847	63,227

29. ASSETS HELD FOR SALE

Lands and buildings held for sale

As of 31 December 2024, assets held for sale comprise of lands and buildings obtained by Enka Pazarlama and Enka Kazakhstan Branch in consideration of their doubtful receivables and are amounting to USD 15,548 (31 December 2023 – USD 14,175).

30. TAXATION ON INCOME

Corporate Tax

The Company and its subsidiaries are subject to tax legislation and practices effective in Turkey. Corporate tax is declared until the evening of the last day of the fourth month following the end of the relevant period and is paid in one installment until the end of the relevant month. Corporations are required to calculate advance tax at the current rate on their quarterly taxable profits, declare it until the 17th day of the second month following the period and pay it until the evening of the 17th day. Advance taxes paid during the year are offset against the corporate tax calculated on the annual corporate tax return for that year. If there is an amount of advance tax paid despite the offset, this amount can be refunded in cash or offset against other tax liabilities.

As of 31 December 2024, the general corporate tax rate applied to the legal tax base, which is calculated by adding non-deductible expenses and deducting exemptions in accordance with tax laws to the commercial income of corporations in Turkey, was 20%. However, according to the Article 21 of the "Law on the Amendment of Certain Laws and the Decree Law No. 375 on the Amendment of Certain Laws and the Decree Law No. 375 on Additional Motor Vehicles Tax for the Compensation of the Economic Losses Caused by the Earthquakes Occurring on 6/2/2023" published in the Official Gazette dated 15 July 2023 and numbered 32249. In accordance with the amendments made in Article 32 of the Corporate Tax Law No. 5520 regulating the corporate tax rate, the general rate applied in corporate tax has been increased from 20% to 25% starting from the declarations to be submitted as of 1 October 2023. Accordingly, the Company and its subsidiaries in Turkey have used the tax rate of 25% in the calculation of the period tax for the year 2024.

As of 31 December 2021, the conditions required for the inflation adjustment of the financial statements as of 31 December 2021 have been met in accordance with Article 298 of the Tax Procedure Law. However, in accordance with the provisional article 33 of the Tax Procedure Law numbered 213 with the Law numbered 7352 "Law on Amendments to the Tax Procedure Law and Corporate Tax Law" published in the Official Gazette dated 29 January 2022 and numbered 31734:

- Repeated financial statements will not be subject to inflation adjustment for the 2021 and 2022 accounting periods and the temporary tax periods of the 2023 accounting period, regardless of whether the conditions for inflation adjustment under Article 298 are met, including the temporary tax periods

- The financial statements dated 31 December 2024 will be subject to inflation correction in a way that will not affect the corporate tax base,

According to the "General Communiqué on Tax Procedure Law No. 555" published in the Official Gazette dated 30 December 2023 and numbered 32415 and the repeated article 298 of the Tax Procedure Law No. 213, it is essential that the financial statements of the enterprises operating in Turkey for the 2023 accounting period are subject to inflation adjustment. The inflation adjusted financial statements will constitute an opening balance sheet base in the tax returns to be prepared as of 1 January 2024 and the effects of inflation will not be taken into consideration in the calculation of the period tax for 2024.

In accordance with the provisional Article 33 of the Tax Procedure Law, the tax effects arising from the inflation adjustment of the financial statements as of 31 December 2024 are included in the deferred tax calculation as of 31 December 2024.

Turkish tax legislation does not allow the parent company to file a tax return based on the consolidated financial statements. Therefore, provision for taxes in previous periods, as reflected in the financial statements, has been calculated on a separate-entity basis.

According to the Tax Procedure Law, financial losses can be carried for a maximum of five years. Tax authorities may inspect tax returns and the related accounting records and may revise assessments within five years.

30. TAXATION ON INCOME (cont'd)

Corporate Tax (cont'd)

Dividend payments made to resident institutions in Turkey, except to those who are not liable and exempt from corporate tax and income tax, and to real persons and non-resident institutions in Turkey are subject to 10% income tax.

Dividend payments made from residing institutions in Turkey to residing institutions in Turkey is not subject to income tax. In addition, income tax is not calculated if the profit is not distributed or added to the capital.

Dividend earnings of corporations from participation in another fully liable corporation are exempt from corporate tax. In addition, 75% of the income derived by entities from the sale of participation shares, immovable property, preferential rights, founders' shares and redeemed shares which are recognised in assets at least for two years is exempt from corporate tax. However, according to the amendments with Law numbered 7061, this rate has been reduced from 75% to 50% in terms of immovables and this rate is used as 50% in tax returns to be prepared as of 2018. In addition, as of 15 July 2023, the 50% tax exemption stipulated in Law No. 5520 for gains on the sale of immovable property has been abolished. However, this exemption will be applied as 25% for the sales of immovable properties included in the assets of the enterprises before 15 July 2023.

In order to benefit from the exemption, the relevant income should be kept under a fund account in liabilities and should not be withdrawn from the enterprise for 5 years. The sales amount should be collected by the end of the second calendar year following the year of sale.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns within four months following the close of the accounting year to which they relate. Tax authorities may, however, inspect tax returns and the related accounting records and may revise assessments within five years.

Income Withholding Tax

There is a withholding tax liability on dividend distributions and this withholding tax liability is declared in the period in which the dividend is paid in cash or on account. Dividend payments are subject to a 15% withholding tax until 22 December 2021, except for non-resident companies that generate income through a workplace or their permanent representative in Turkey, and those made to companies residing in Turkey. However, in accordance with the Presidential Decision No. 4936, published in the Official Gazette dated 22 December 2021 and numbered 31697, the withholding tax rate of 15% has been reduced to 10%.

In the application of withholding tax rates for profit distributions to non-resident companies and real persons, the withholding tax rates in the relevant Double Taxation Prevention Agreements are also taken into account. The addition of retained earnings to the capital is not considered a profit distribution, therefore it is not subject to withholding tax.

Transfer pricing regulation

In Turkey, transfer pricing regulations are specified in Article 13 of the Corporate Tax Law, titled "Disguised profit distribution through transfer pricing". The communiqué dated 18 November 2007 on disguised profit distribution through transfer pricing regulates the details of the implementation.

If the taxpayer buys or sells goods or services with related parties at the price they have determined in violation of the arm's length principle, the profit is deemed to have been distributed implicitly through transfer pricing in whole or in part. Disguised profit distribution through such transfer pricing is considered a non-deductible expense for corporate tax.

Deferred Tax:

The Group recognizes deferred tax assets and liabilities for temporary timing differences arising from differences between its statutory tax consolidated financial statements and its consolidated financial statements prepared in accordance with IFRS. These differences generally arise from the fact that some income and expense items are included in different periods in the consolidated tax financial statements and the consolidated financial statements prepared in accordance with IFRS, and the differences in question are stated below.

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

30. TAXATION ON INCOME (cont'd)

Tax legislations in other countries

As of 31 December 2024 and 2023 effective corporation tax rate in other countries are as follows:

	31 December 2024	31 December 2023
Russia	20%	20%
Netherlands	25%	25%
Kazakhstan	28% - 32%	28% - 32%
Iraq	15% - 35%	15% - 35%
Romania	16%	16%
Serbia	15%	15%
North Macedonia	10%	10%

	1 January - 31 December 2024	1 January - 31 December 2023
Consolidated statement of profit or loss		
Current corporate tax	(137,518)	(168,438)
Deferred tax expense	(129,839)	16,518
	(267,357)	(151,920)

Global Minimum Tax

The Group has conducted the necessary research and analysis regarding the "Global Income Tax", which has been implemented worldwide in line with its multinational structure. In this context, based on the analyses performed, it has been determined that one of the Group's current locations, North Macedonia, will be subject to an additional tax liability under this tax regime. The additional tax amount calculated for North Macedonia has been recognized in the relevant financial statements.

In countries other than North Macedonia where the Group operates, the Group is subject to the "Safe Harbor" provisions of the Global Income Tax and does not face any additional tax liability in other locations.

The movement of the current income tax liability is given as follows:

	2024	2023
1 January	34,950	59,001
Current year tax expense	137,518	168,438
Taxes paid	(139,489)	(192,489)
31 December	32,979	34,950

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

30. TAXATION ON INCOME (cont'd)

A reconciliation of the nominal (on the basis of the income tax rate of the Company and the Turkish subsidiaries) to the effective tax rate for the years ended 31 December 2024 and 2023 is provided below:

	1 January - 31 December 2024		1 January - 31 December 2023	
Profit before tax	1,064,612		895,751	
Tax per statutory tax rate	266,153	25.0%	223,938	25%
Jobsites exempt from income tax	17,001		(14,424)	
Effect of different functional currencies and others	(15,797)		(57,594)	
Taxation charge	267,357		151,920	

As of 31 December 2024 and 2023, the breakdown of temporary differences which give rise to deferred taxes is as follows:

	31 December 2024	31 December 2023
Remeasurement and revaluation of property, plant and equipment, intangible assets and investment property	(479,871)	(379,498)
GE Inventory in the context of "PSA" (*)	(16,123)	(12,047)
Adjustments on financial instruments	(63,486)	(18,650)
Others	(307)	(48)
Gross deferred income tax liabilities	(559,787)	(410,243)
Allowance for retirement pay liability	2,988	2,598
Others	168	7,033
Gross deferred income tax assets	3,156	9,631
Net deferred tax liability	(556,631)	(400,612)

(*) Implies deferred tax liabilities estimated from temporary differences related to "Parts and Services Agreement" (PSA) made with the Group's spare part supplier General Electric (GE).

Deferred tax is reflected in the statement of financial position as:

	31 December 2024	31 December 2023
Deferred tax assets	2,627	3,226
Deferred tax liabilities	(559,258)	(403,838)
Net deferred liabilities	(556,631)	(400,612)

Total amount of temporary differences and deferred tax liabilities which have not been recognized as of 31 December 2024 related with Group's shares in its subsidiaries, branches and associates is USD 1,514,543 (31 December 2023 - USD 1,358,377).

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

30. TAXATION ON INCOME (cont'd)

As of 31 December 2024 and 2023, movement of net deferred tax asset (liability) can be presented as follows:

	2024	2023
Balance at 1 January	400,612	440,700
Deferred income tax expense recognized in consolidated statement of (profit)/ loss	129,839	(16,518)
Deferred income tax expense recognized in equity	15,082	(782)
Currency translation difference	11,098	(22,788)
31 December	556,631	400,612

As of 31 December 2024 and 2023, the breakdown of deferred taxes which are recognised in other comprehensive income is as follows:

	31 December 2024			31 December 2023		
	Before Taxation	Deferred tax (expense) / income	Netted-off deferred tax	Before Taxation	Deferred tax (expense) / income	Netted-off deferred tax
Change in revaluation of buildings	100,015	(15,184)	84,831	492	(363)	129
Revaluation loss of defined benefit plans	(409)	102	(307)	(5,726)	1,145	(4,581)
Changes in fair value of financial assets	-	-	-	(28)	-	(28)
Changes in currency translation differences	80,928	-	80,928	(98,690)	-	(98,690)
	180,534	(15,082)	165,452	(103,952)	782	(103,170)

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

31. EARNINGS PER SHARE

Basic earnings per share (EPS) is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares ("Bonus Shares") to existing shareholders without consideration for amounts resolved to be transferred to share capital from retained earnings and revaluation surplus. For the purpose of the EPS calculation such bonus share issues are regarded as stock dividends. Dividend payments, which are immediately reinvested in the shares of the Company, are regarded similarly. Accordingly the weighted average number of shares used in EPS calculation is derived by giving retroactive effect to the issue of such shares without consideration through 31 December 2024.

	31 December 2024	31 December 2023
Earning per share		
- ordinary share certificate (full USD)	0.13	0.12
- founder shares (*)	-	-
Weighted average number of share certificates		
(nominal value of 1 TL each)	5,862,743,582	5,862,743,582
- ordinary share certificate	5,862,743,582	5,860,782,600
-treasury shares	-	1,960,982
- founder shares		

(*) Since 2024 profit distribution was not determined as of the date of the preparation date of the consolidated financial statements, total of the earnings per share is reflected on ordinary share certificates.

32. RELATED PARTY BALANCES AND TRANSACTIONS

Related parties

The Group is controlled by Tara Holding (49.80%) (31 December 2023 – 49.80%) and Tara and Gülçelik families (28.40%) (31 December 2023 – 28.40%). For the purposes of the consolidated financial statements, balances with the shareholder companies, individual shareholders, unconsolidated subsidiaries, associated companies, equity participations and their affiliates are referred to as "related parties". Related parties also include management and members of the Group's Board of Directors.

In the course of conducting business, the Group conducted various business transactions with related parties on commercial terms. The breakdown of balances with related parties and details of significant related party transactions are as follows:

	31 December 2024		31 December 2023	
	Receivables	Payables	Receivables	Payables
Shareholders	-	-	-	1
Enka Spor Kulübü	1	-	22	-
	1	-	22	1

As of 31 December 2023, the Group gained USD 5.48 rent income from related parties (31 December 2023 - USD 4.79). As of 31 December 2024 the Group does not have any sales to related parties (2023 - None).

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

32. RELATED PARTY BALANCES AND TRANSACTIONS (cont'd)

Top management's remuneration

The total wages paid for the members of Board of Directors of the Group is amounting to USD 9,462 (31 December 2023 - USD 6,984), the social security payments and retirement pay provisions are USD 1,305 (31 December 2023 – USD 735) and USD 230 (31 December 2023– USD 73) respectively. Total wages paid for the general manager, general coordinators and vice general managers of the Group (except BOD members), is amounting to USD 19,056 (31 December 2023 – USD 18,679), the social security payment and retirement pay provisions are USD 1,520 (31 December 2023 – USD 1,263) and USD 1,255 (31 December 2023 – USD 1,018) respectively.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise bank loans, investment securities, lease obligations, cash and short-term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, foreign currency risk and credit risk. The management reviews and agrees policies for managing each of these risks. The Group monitors the market price risk arising from all financial instruments periodically.

Capital risk management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. Capital structure of the Group comprises from liabilities, cash and cash equivalents, paid-in capital and legal reserves explained in Note 21.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or the shareholders may make a direct cash contribution of the needed working capital to the Group. No changes were made in the objectives, policies or processes during the years ended 31 December 2024 and 2023.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated statement of financial position plus net debt.

Total Assets / Total Equity

	31 December 2024	31 December 2023
Cash, Cash Equivalents and Financial Assets	5,519,714	5,194,655
Less: Total Financial Liabilities	116,288	121,840
Net Assets	5,403,426	5,072,815
Equity	8,028,049	7,423,475
Equity - Net Assets	2,624,623	2,350,660
Total Net Assets to Equity Ratio	67.31%	68.33%

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

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

Financial risk factors

Interest risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with floating interest rates. The Group is managing interest risk that arises from assets and liabilities sensitive to interest risk by using balancing assets and liabilities.

Foreign currency risk

The Group is exposed to foreign exchange risk arising from various currency exposures primarily with respect to Euro, Russian Ruble 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, Euro and JPY. 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 December 2024 and 2023:

	31 December 2024	31 December 2023
A. Assets denominated in foreign currency	1,294,304	1,152,087
B. Liabilities denominated in foreign currency	(718,768)	(447,200)
Net foreign currency position (A+B)	575,536	704,887

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

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

Financial risk factors (cont'd)

Foreign currency risk (cont'd)

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

	31 December 2024						
	TL	USD Equivalent	Euro	USD Equivalent	Other USD (*)	USD (**)	Total USD Equivalent
Cash and cash equivalents	896,386	25,408	152,208	158,494	303,662	36,678	524,242
Financial investments	3,565,445	101,060	126,016	131,220	159,913	-	392,193
Trade and other receivables	1,050,222	29,768	57,397	59,768	87,440	4,284	181,260
Other currrent assets	737,585	20,906	61,119	63,644	36,859	63,698	185,107
Current assets	**6,249,638**	**177,142**	**396,740**	**413,126**	**587,874**	**104,660**	**1,282,802**
Financial investments	-	-	-	-	-	-	-
Trade and other receivables	-	-	9,176	9,555	-	-	9,555
Other non-current assets	45,915	1,301	96	100	543	3	1,947
Non-current assets	**45,915**	**1,301**	**9,272**	**9,655**	**543**	**3**	**11,502**
Total assets	**6,295,553**	**178,443**	**406,012**	**422,781**	**588,417**	**104,663**	**1,294,304**
Short-term borrowings	-	-	-	-	-	-	-
Trade and other payables	642,783	18,219	122,133	127,177	366,715	37,907	550,018
Other current liabilities and accrued expenses	1,310,442	37,144	1,472	1,532	96,463	14,282	149,421
Current liabilities	**1,953,225**	**55,363**	**123,605**	**128,709**	**463,178**	**52,189**	**699,439**
Trade and other payables	-	-	-	-	-	-	-
Long-term borrowings	-	-	-	-	16,647	-	16,647
Other non-current liabilities	-	-	-	-	-	2,682	2,682
Non-current liabilities	**-**	**-**	**-**	**-**	**16,647**	**2,682**	**19,329**
Total liabilities	**1,953,225**	**55,363**	**123,605**	**128,709**	**479,825**	**54,871**	**718,768**
Net foreign currency position	**4,342,328**	**123,080**	**282,407**	**294,072**	**108,592**	**49,792**	**575,536**
Net notional amount of derivatives	-	-	(25,000)	(26,033)	-	-	(26,033)

(*) 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.

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

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

Financial risk factors (cont'd)

Foreign currency risk (cont'd)

	31 December 2023						
	TL	**USD Equivalent**	**Euro**	**USD Equivalent**	**Other USD (*)**	**USD (**)**	**Total USD Equivalent**
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 currrent 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.

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

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

Financial risk factors (cont'd)

Foreign currency risk (cont'd)

The details of the forward contracts and sales-purchase agreements are explained in Note 17 in order to manage Group's foreign currency position.

The following table demonstrates the sensitivity to reasonably possible increase of 10% in the exchange rates against functional currency, with all other variables held constant, of the Group's consolidated statement of profit or loss.

The following table details the Group's foreign currency sensitivity as at 31 December 2024 and 2023:

	31 December 2024		31 December 2023	
	Profit / (loss)		Profit / (loss)	
	Valuation of foreign currency	Devaluation of foreign currency	Valuation of foreign currency	Devaluation of foreign currency
In the case of TL gaining 10% value against US Dollar				
1- TL net asset / (liability)	12,308	(12,308)	4,186	(4,186)
2- Portion hedged against TL risk (-)	-	-	-	-
3- TL net effect (1+2)	**12,308**	**(12,308)**	**4,186**	**(4,186)**
In the case of Euro gaining 10% value against US Dollar				
4- Euro net asset / (liability)	29,407	(29,407)	45,670	(45,670)
5- Portion hedged against Euro risk (-)	(2,603)	2,603	3,873	(3,873)
6- Euro net effect (4+5)	**26,804**	**(26,804)**	**49,543**	**(49,543)**
In the case of other foreign currencies gaining 10% value against US Dollar				
7- Other foreign currency net asset / (liability)	10,859	(10,859)	16,275	(16,275)
8- Portion hedged against other foreign currency risk (-)	-	-	-	-
9- Other foreign currency net effect (7+8)	**10,859**	**(10,859)**	**16,275**	**(16,275)**
Total (3+6+9)	**49,971**	**(49,971)**	**70,004**	**(70,004)**

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties, and continually assessing the creditworthiness of counterparties.

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The Group seeks to manage its credit risk exposure through diversification of sales activities to avoid undue concentrations of risks with individuals or groups of customers in specific locations or businesses. It also obtains security when appropriate. It is the Group's policy to enter into financial instruments with a diversity of creditworthy counterparties. Therefore, the Group does not expect to incur material credit losses on its risk management or other financial instruments.

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

Financial risk factors (cont'd)

Credit risk (cont'd)

	Receivables						Financial assets
	Trade receivables		Other receivables				at fair value
31 December 2024	Related party	3rd party	Related party	3rd party	Bank deposits	Derivative instruments	through profit or loss (**)
The maximum amount of exposure to credit risk at the end of the reporting period (A+B+C+D+E)	-	439,196	1	4,486	1,196,065	-	3,133,461
- Total receivable that have been secured with collaterals, other credit enhancements etc.	-	31,126	-	-	-	-	-
A. Financial assets that are either past due or impaired	-	438,066	1	4,486	1,196,065		3,133,461
B. The amount of financial assets that would otherwise be past due or impaired whose terms have been renegotiated	-	-	-	-	-	-	-
C. The amount of financial assets that are past due as at the end of the reporting period but not impaired.	-	1,130	-	-	-	-	-
- The amount that have been secured with collaterals, other credit enhancements etc.	-	1,130	-	-	-	-	-
D. The amount of financial assets that are impaired	-	-	-	-	-	-	-
- Past due (Gross book value)	-	7,216	-	-	-	-	-
- The amount of impairment (-)	-	(7,216)	-	-	-	-	-
- The amount that have been secured with collaterals, other credit enhancements etc.	-	-	-	-	-	-	-
- Not past due (Gross book value)	-	-	-	-	-	-	-
- The amount of impairment (-)	-	-	-	-	-	-	-
E. Off balance sheet credit risk amount	-	-	-	-	-	-	-

	Receivables				
31 December 2024	Trade receivables	Other receivables	Bank deposits	Derivative instruments	Other
Overdue between 1 to 30 days	377	-	-	-	-
Overdue between 1 to 3 months	404	-	-	-	-
Overdue between 3 to 12 months	349	-	-	-	-
Overdue between 1 to 5 years	-	-	-	-	-
Overdue over 5 years	-	-	-	-	-
	1,130	-	-	-	-

(**) Equity securities are excluded since they do not expose any credit risk.

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

Financial risk factors (cont'd)

Credit risk (cont'd)

	Receivables						Financial assets
	Trade receivables		Other receivables				at fair value
31 December 2023	Related party	3rd party	Related party	3rd party	Bank deposits	Derivative instruments	through profit or loss (**)
The maximum amount of exposure to credit risk at the end of the reporting period (A+B+C+D+E)	-	363,282	22	13,413	1,228,734	-	2,992,701
- Total receivable that have been secured with collaterals, other credit enhancements etc.	-	31,606	-	-	-	-	-
A. Financial assets that are either past due or impaired	-	340,911	22	13,413	1,228,734	-	2,992,701
B. The amount of financial assets that would otherwise be past due or impaired whose terms have been renegotiated	-	-	-	-	-	-	-
C. The amount of financial assets that are past due as at the end of the reporting period but not impaired.	-	22,371	-	-	-	-	-
- The amount that have been secured with collaterals, other credit enhancements etc.	-	22,371	-	-	-	-	-
D. The amount of financial assets that are impaired	-	-	-	-	-	-	-
- Past due (Gross book value)	-	7,767	-	-	-	-	-
- The amount of impairment (-)	-	(7,767)	-	-	-	-	-
- The amount that have been secured with collaterals, other credit enhancements etc.	-	-	-	-	-	-	-
- Not past due (Gross book value)	-	-	-	-	-	-	-
- The amount of impairment (-)	-	-	-	-	-	-	-
E. Off balance sheet credit risk amount	-	-	-	-	-	-	-

	Receivables				
31 December 2023	Trade receivables	Other receivables	Bank deposits	Derivative instruments	Other
Overdue between 1 to 30 days	472	-	-	-	-
Overdue between 1 to 3 months	19,120	-	-	-	-
Overdue between 3 to 12 months	2,664	-	-	-	-
Overdue between 1 to 5 years	99	-	-	-	-
Overdue over 5 years	16	-	-	-	-
	22,371	-	-	-	-

(**) Equity securities are excluded since they do not expose any credit risk.

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

Financial risk factors (cont'd)

Liquidity risk

Liquidity risk is the risk that an entity will be unable to meet its net funding requirements. The risk is mitigated by matching the cash in and out flow volume supported by committed lending limits from qualified credit institutions.

The maturity analysis of the non-derivative financial liabilities is presented based on the period between balance sheet date and maturity date of these non-derivatives financial liabilities.

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

Current liabilities

31 December 2024

Contractual maturity analysis	Carrying value	Total cash outflow according to contract (I+II+III)	Up to 1 month (I)	1 to 3 months (II)	3 to 12 months (III)
Non-derivative financial liabilities					
Financial liabilities and lease obligations	4,316	4,413	373	690	3,350
Trade payables	356,218	356,218	199,842	111,265	45,111
Other payables to related parties	-	-	-	-	-

Non-current liabilities

31 December 2024

Contractual maturity analysis	Carrying value	Total cash outflow according to contract (I+II+III)	1 -3 years (I)	3 to 5 years (II)	5+ years (III)
Non-derivative financial liabilities					
Financial liabilities and lease obligations	111,972	112,440	29,559	8,696	74,185

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

Financial risk factors (cont'd)

Liquidity risk (cont'd)

Current liabilities

31 December 2023

Contractual maturity analysis	Carrying value	Total cash outflow according to contract (I+II+III)	Up to 1 month (I)	1 to 3 months (II)	3 to 12 months (III)
Non-derivative financial liabilities					
Financial liabilities and lease obligations	4,478	4,579	387	716	3,476
Trade payables	290,822	290,822	107,367	86,497	96,958
Other payables to related parties	1	1	1	-	-

Non-current liabilities

31 December 2023

Contractual maturity analysis	Carrying value	Total cash outflow according to contract (I+II+III)	1 -3 years (I)	3 to 5 years (II)	5+ years (III)
Non-derivative financial liabilities					
Financial liabilities and lease obligations	117,362	130,848	26,523	9,176	95,149

34. 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 the trade payables 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.

Derivative instruments / forward contracts purchase – sales agreements

In the ordinary course of business, the Group enters into various types of transactions that involve derivative financial instruments. A derivative financial instrument is a financial contract between two parties where payments are dependent upon movements in price in one or more underlying financial instruments, reference rates or indices.

The table below shows derivative financial instruments analyzed by the term to maturity. The notional amount is the amount of a derivative's underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at year-end and are neither indicative of the market risk nor credit risk.

As of 31 December 2024 and 2023, the fair value of financial instrument is calculated by using forward exchange rates at the balance sheet date.

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

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

Derivative instruments / forward contracts purchase – sales agreements *(cont'd)*

	31 December 2024			
	Unrealized Gain/(Loss)	1 to 12 months	1 to 2 years	2 to 5 years
Derivative instruments	5,729	-	-	-
Forward contracts sales agreements	-	109,963	-	-
Forward contracts purchase agreements	-	115,191	-	-

	31 December 2023			
	Unrealized Gain/(Loss)	1 to 12 months	1 to 2 years	2 to 5 years
Derivative instruments	-	-	-	-
Forward contracts sales agreements	-	38,818	-	-
Forward contracts purchase agreements	-	36,822	-	-

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.

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

Fair value hierarchy (cont'd)

31 December 2024:

	Level 1	Level 2	Level 3
Private sector bonds	584,113	-	-
Equity securities	1,159,415	19,110	8,367
Foreign government bonds	2,116,135	-	-
Turkish government bonds	159,951	-	-
Mutual funds	214,235	34,293	24,734
Financial assets at fair value through profit or loss	**4,233,849**	**53,403**	**33,101**
Derivative instruments	-	5,729	-
Financial liabilities at fair value through profit or loss	**-**	**5,729**	**-**

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	**-**	**-**	**-**

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

35. NET MONETARY GAIN/LOSS

Non-Monetary Items	1 January - 31 December 2024
Balance Sheet Items	**2,458**
Inventories	32,385
Other Current Assets	6
Tangible Assets	307,512
Intangible Assets	159
Share Capital	(111,129)
Accumulated Profit	(226,475)
Profit or Loss Statement Items	**(51,532)**
Revenue	22,782
Cost of Revenue	(71,443)
Administrative Expenses	(1,147)
Other Operating Income/Expense	1,527
Income/Loss From Investing Activities	419
Financial Income/Expense	(450)
Taxation	(3,220)
Net Monetary Loss (-)	**(49,074)**

36. EVENTS AFTER THE REPORTING PERIOD

A contract has been signed between the Group and Vertex Hydrogen Limited on January 15, 2025, for the construction of a Low Carbon Hydrogen Production Facility at the Stanlow Refinery in the Ellesmere Port area of North West England. The scope of the contract includes engineering, procurement, construction, and commissioning services, with a total value of approximately 529 million British Pounds.