

**ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET  
ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**

**CONVENIENCE TRANSLATION TO ENGLISH OF  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023  
TOGETHER WITH THE INDEPENDENT AUDITORS REPORT  
(ORIGINALLY ISSUED IN TURKISH)**

**ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ AND ITS  
SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

|   | Notes | <b>Audited<br/>Current Period<br/>31.12.2023</b> | <b>Audited<br/>Prior Period<br/>31.12.2022</b> |
|---|-------|--|--|
| <b>ASSETS</b>   |       |  |  |
| <b>Current Assets</b>                                 |       |  |  |
| Cash and Cash Equivalents                             | 4     | 34,624,600                                       | 206,994,356                                    |
| Financial Investments                                 | 5     | 30,012   | 49,857   |
| Trade Receivables                                     |       | 1,595,388,840                                    | 1,569,779,944                                  |
| - <i>Trade Receivables from Related Parties</i>       | 7,27  | 37,473,489                                       | 22,694,696                                     |
| - <i>Trade Receivables from Third Parties</i>         | 7     | 1,557,915,351                                    | 1,547,085,248                                  |
| Other Receivables                                     |       | 37,040,902                                       | 15,206,622                                     |
| - <i>Other Receivables from Related Parties</i>       | 8,27  | 28,601,212                                       | -  |
| - <i>Other Receivables from Third Parties</i>         | 8     | 8,439,690  | 15,206,622                                     |
| Due from Customers Under Construction Contracts       | 11    | 2,270,888,442                                    | 1,613,803,833                                  |
| Inventories   | 9     | 540,861,003                                      | 932,538,562                                    |
| Prepaid Expenses                                      | 10    | 376,943,529                                      | 304,830,670                                    |
| Assets Related with Current Period Tax                | 25    | 593,594  | 2,870  |
| Other Current Assets                                  | 17    | 27,658,166                                       | 30,284,242                                     |
| - <i>Other Current Assets from Related Parties</i>    |       | -  | -  |
| - <i>Other Current Assets from Third Parties</i>      |       | 27,658,166                                       | 30,284,242                                     |
| <b>Non-Current Assets</b>                             |       |  |  |
| Other Receivables                                     |       | 4,207,403  | 4,992,665                                      |
| - <i>Other Receivables from Third Parties</i>         | 8     | 4,207,403  | 4,992,665                                      |
| Due from Customers Under Construction Contracts       | 11    | 2,283,281,341                                    | 2,389,730,971                                  |
| Investment Property                                   | 12    | 1,725,958,142                                    | 1,748,232,533                                  |
| Property, Plant and Equipment                         | 13    | 35,981,731                                       | 38,574,774                                     |
| Intangible Assets                                     | 14    | 371,785  | 343,913  |
| Prepaid Expenses                                      | 10    | 50,460   | 213,703  |
| Deferred Tax Assets                                   | 25    | 81,035,858                                       | 146,992,840                                    |
| Non-Current Assets Related with<br>Current Period Tax | 25    | 18,042,535                                       | 38,376,768                                     |
| <b>TOTAL ASSETS</b>                                   |       | <b>9,032,958,343</b>                             | <b>9,040,949,123</b>                           |

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

**ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ AND ITS  
SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

|   | Notes | Audited<br>Current<br>Period<br><b>31.12.2023</b> | Audited<br>Prior Period<br><b>31.12.2022</b> |
|---|-------|---|--|
| <b>LIABILITIES</b>  |       |   |  |
| <b>Short-Term Liabilities</b>   |       | <b>5,106,673,515</b>                              | <b>5,894,591,347</b>                         |
| Short-Term Borrowings   | 6     | 528,765,416                                       | 1,325,237,314                                |
| Short Term Portion of Long Term Financial Liabilities   | 6     | 120,079,831                                       | 242,424,134                                  |
| Trade Payables  |       | 3,529,813,034                                     | 2,702,287,449                                |
| - Trade Payables to Related Parties   | 7.27  | 132,592,623                                       | 142,947,821                                  |
| - Trade Payables to Third Parties   | 7     | 3,397,220,411                                     | 2,559,339,628                                |
| Employee Benefits   | 16    | 81,093,525  | 67,317,381                                   |
| Other Payables  |       | 89,668,465  | 81,674,926                                   |
| - Other Payables to Related Parties   | 8.27  | 65,384,635  | 25,292,926                                   |
| - Other Payables to Third Parties   | 8     | 24,283,830  | 56,382,000                                   |
| Payables from Ongoing Construction, Commitments and Service Agreements                        | 11    | 414,713,998                                       | 1,038,195,740                                |
| Deferred Income   | 10    | 304,246,417                                       | 397,984,892                                  |
| Income Tax Payable  | 25    | 12,434,392  | 3,653,565                                    |
| Short-Term Provisions   |       | 25,858,437  | 35,815,9462                                  |
| - Short-Term Provisions for Employee Benefits   | 16    | 14,070,211  | 20,809,224                                   |
| - Other Short-Term Provisions   | 15    | 11,788,226  | 15,006,722                                   |
| <b>Long Term Liabilities</b>  |       | <b>1,778,392,485</b>                              | <b>1,127,138,946</b>                         |
| Long-Term Borrowings  | 6     | 919,198,840                                       | 102,010,057                                  |
| Other Payables  |       | 34,754,441  | 70,262,038                                   |
| - Other Payables to Related Parties   | 8.27  | 25,357,000  | 69,541,478                                   |
| - Other Payables to Third Parties   | 8     | 9,397,441   | 720,560                                      |
| Deferred Income   | 10    | 784,148,994                                       | 819,523,599                                  |
| Long-Term Provisions  |       | 37,920,233  | 47,659,551                                   |
| - Long-Term Provisions for Employee Benefits  | 16    | 37,920,233  | 47,659,551                                   |
| Deferred Tax Liabilities  | 25    | 2,369,977   | 87,683,701                                   |
| <b>TOTAL LIABILITIES</b>  |       | <b>6,885,066,000</b>                              | <b>7,021,730,293</b>                         |
| <b>EQUITY</b>   |       | <b>2,147,892,343</b>                              | <b>2,019,218,830</b>                         |
| <b>Equity Attributable to the Parent</b>  |       | <b>2,098,950,665</b>                              | <b>1,980,574,348</b>                         |
| Share Capital   | 18    | 265,000,000                                       | 265,000,000                                  |
| Adjustment to Share Capital   |       | 1,506,880,880                                     | 1,506,880,880                                |
| Share Premium   | 18    | 16,291,506  | 16,291,506                                   |
| Effects of Business Combinations Under Common Control   | 18    | -   | -  |
| Other Accumulated Comprehensive Income (Loss) that will not be Reclassified in Profit or Loss |       | (2,476,345)                                       | 3,612,380                                    |
| Gains (Losses) on Revaluation and Remeasurement   |       | (2,476,345)                                       | 3,612,380                                    |
| - Decreases on Revaluation of Property, Plant and Equipment                                   | 18    | -   | -  |
| - Actuarial Gains (Loss) Arising From Defined Benefit Plans                                   | 18    | (2,476,345)                                       | 3,612,380                                    |
| Other Comprehensive Income/(Expense) to be Reclassified to Profit and Loss                    |       | 1,268,848,317                                     | 1,366,960,470                                |
| - Foreign Currency Conversion Difference  | 18    | 1,268,848,317                                     | 1,366,960,470                                |
| Reserves on Retained Earnings   |       | 116,110,655                                       | 116,110,655                                  |
| - Legal Reserves  | 18    | 116,110,655                                       | 116,110,655                                  |
| Other Equity Shares   | 18    | -   | -  |
| Other Reserves  | 18    | 59,330,019  | 59,330,019                                   |
| Retained Earnings   |       | (1,353,611,561)                                   | (1,578,214,580)                              |
| Net (Loss)/Profit for the Period  | 26    | 222,577,194                                       | 224,603,018                                  |
| <b>Non-controlling Interests</b>  |       | <b>48,941,678</b>                                 | <b>38,644,482</b>                            |
| <b>TOTAL LIABILITIES AND EQUITY</b>   |       | <b>9,032,958,343</b>                              | <b>9,040,949,123</b>                         |

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

**ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ  
AND ITS SUBSIDIARIES**

**NOTES TO CONSOLIDATED STATEMENTS OF PROFIT OR LOSS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

|   | Notes | Audited<br>Current Period<br><u>1 January -</u><br><u>31 December 2023</u> | Audited<br>Prior Period<br><u>1 January -</u><br><u>31 December</u><br><u>2022</u> |
|---|-------|--|--|
| Revenue   | 3.19  | 2,109,596,742  | 4,294,733,058  |
| Cost of Sales (-)   | 3.19  | (1,885,487,621)  | (4,591,136,836)  |
| <b>GROSS PROFIT/LOSS</b>  |       | <b>224,109,121</b>   | <b>(296,403,778)</b>   |
| General Administrative Expense (-)                                    | 20    | (132,381,718)  | (130,533,705)  |
| Other Operating Income  | 22    | 744,656,113  | 785,200,122  |
| Other Operating Expense (-)   | 22    | (791,846,992)  | (850,014,464)  |
| <b>OPERATING PROFIT/LOSS</b>  |       | <b>44,536,524</b>  | <b>(491,751,825)</b>   |
| Income From Investing Activities                                      | 23    | 712,778  | 814,381,581  |
| Expense From Investing Activities (-)                                 | 23    | (13,469,536)   | (46,732)   |
| <b>OPERATING PROFIT/LOSS BEFORE FINANCING<br/>INCOME AND EXPENSES</b> |       | <b>31,779,766</b>  | <b>322,583,024</b>   |
| Financing Income  | 3.24  | 20,611,033   | 47,918,518   |
| Financing Expenses (-)  | 3.24  | (358,381,601)  | (384,825,150)  |
| Parasal Kazanç /(Kayıp)   |       | 581,826,248  | 163,615,271  |
| <b>PROFIT/LOSS BEFORE TAX FROM ONGOING<br/>ACTIVITIES</b>             |       | <b>275,835,446</b>   | <b>149,291,663</b>   |
| <b>Continuing Operations Tax Incom/(Expenses)</b>                     |       | (42,961,056)   | 88,926,832   |
| - Tax Income/(Expense) For Period                                     | 25    | (18,084,560)   | (4,386,877)  |
| - Deferred Tax Income/(Expense)                                       | 25    | (24,876,496)   | 93,313,709   |
| <b>PERIOD PROFIT/(LOSS) FROM ONGOING ACTIVITIES</b>                   |       | <b>232,874,390</b>   | <b>238,218,495</b>   |
| <b>PROFIT/ (LOSS) FOR THE PERIOD</b>                                  |       | <b>232,874,390</b>   | <b>238,218,495</b>   |
| <b>Distribution of the Profit/(Loss) for the Year</b>                 |       |  |  |
| Non-controlling Interests   | 18    | 10,297,196   | 13,615,477   |
| Owners of the Parent  | 26    | <b>222,577,194</b>   | <b>224,603,018</b>   |
| <b>Earnings Per Share</b>   |       |  |  |
| - Earnings Per Share  | 26    | 0.84   | 0.85   |

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**ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ  
AND ITS SUBSIDIARIES**

**NOTES TO CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2023**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

|   | Notes | Audited<br>Current Period<br><u>1 January -<br/>31 December</u><br><u>2023</u> | Audited<br>Prior Period<br><u>1 January -<br/>31 December</u><br><u>2022</u> |
|---|-------|--|--|
| <b>PROFIT/(LOSS) FOR THE PERIOD</b>                     |       | <b>232,874,390</b>   | <b>238,218,495</b>   |
| <b><i>OTHER COMPREHENSIVE INCOME</i></b>                |       |  |  |
| <b>Items not to be reclassified to profit or loss :</b> |       | <b>(6,088,691)</b>   | <b>3,612,380</b>   |
| Defined Benefit Plans Remeasurement Losses              | 16    | (8,118,255)  | 4,515,475  |
| Taxes Related to Other Comprehensive Income (expenses)  |       |  |  |
| Items not to be Reclassified to Profit                  |       | 2,029,564  | (903,095)  |
| Deferred Tax Income                                     |       | 2,029,564  | (903,095)  |
| <b>Items to be Reclassified to Profit or Loss:</b>      |       | <b>(98,112,153)</b>  | <b>2,799,554</b>   |
| Foreign Currency Translation Differences                |       | (98,112,153)   | 2,799,554  |
| <b>OTHER COMPREHENSIVE INCOME/ (EXPENSES)</b>           |       | <b>(104,200,844)</b>   | <b>6,411,934</b>   |
| <b>TOTAL COMPREHENSIVE INCOME</b>                       |       | <b>128,673,545</b>   | <b>244,630,429</b>   |
| <b>Appropriation of Total Comprehensive Income:</b>     |       |  |  |
| Non-Controlling Interests                               |       | 10,297,196   | 13,602,174   |
| Owners of the Parent                                    |       | 118,376,350  | 231,028,255  |

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# ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

| Notes                                  | Share Capital         | Adjustment to Share Capital | Premiums /Discounts Related with Shares | Other Comprehensive Income (expenses) Items not to be Reclassified to Profit (Loss) Increase/ (Decrease) from Revaluation of Tangible Assets | Other Comprehensive Income (Expense) Items to be Reclassified to Profit (Loss) Foreign Currency Conversion Differences | Restricted Reserves Allocated from Profits | Other Reserves    | Retained Earnings/ (Losses) | Net Profit /(Loss) for the Period | Equity Attributable to Parent Company | Non-controlling Interests | Equity               |
|--|-----------------------|-----------------------------|---|--|--|--|-------------------|-----------------------------|-----------------------------------|---------------------------------------|---------------------------|----------------------|
| <b>Balances as of 1 January 2022</b>   | <b>265,000,000</b>    | <b>1,506,880,880</b>        | <b>16,291,506</b>                       | -  | <b>1,364,160,916</b>   | <b>116,110,655</b>                         | <b>59,330,019</b> | <b>(1,246,211,060)</b>      | <b>(332,003,520)</b>              | <b>1,749,559,396</b>                  | <b>25,029,005</b>         | <b>1,774,588,401</b> |
| Transfers                              | -                     | -                           | -                                       | -  | -  | -  | -                 | (332,003,520)               | 332,003,520                       | -                                     | -                         | -                    |
| Total Comprehensive Income             | -                     | -                           | -                                       | 3,612,380  | 2,799,554  | -  | -                 | -                           | 224,603,018                       | 231,014,952                           | 13,615,477                | <b>244,630,429</b>   |
| <b>Balances as of 31 December 2022</b> | <b>18 265,000,000</b> | <b>1,506,880,880</b>        | <b>16,291,506</b>                       | <b>3,612,380</b>   | <b>1,366,960,470</b>   | <b>116,110,655</b>                         | <b>59,330,019</b> | <b>(1,578,214,580)</b>      | <b>224,603,018</b>                | <b>1,980,574,348</b>                  | <b>38,644,482</b>         | <b>2,019,218,830</b> |
| <b>Balances as of 1 January 2023</b>   | <b>18 265,000,000</b> | <b>1,506,880,880</b>        | <b>16,291,506</b>                       | <b>3,612,380</b>   | <b>1,366,960,470</b>   | <b>116,110,655</b>                         | <b>59,330,019</b> | <b>(1,578,214,580)</b>      | <b>224,603,018</b>                | <b>1,980,574,348</b>                  | <b>38,644,482</b>         | <b>2,019,218,830</b> |
| Transfers                              | -                     | -                           | -                                       | -  | -  | -  | -                 | 224,603,018                 | (224,603,018)                     | -                                     | -                         | -                    |
| Total Comprehensive Income             | -                     | -                           | -                                       | (6,088,725)  | (98,112,153)   | -  | -                 | -                           | 222,577,194                       | 118,376,316                           | 10,297,196                | <b>128,673,512</b>   |
| <b>Balances as of 31 December 2023</b> | <b>18 265,000,000</b> | <b>1,506,880,880</b>        | <b>16,291,506</b>                       | <b>(2,476,345)</b>   | <b>1,268,848,317</b>   | <b>116,110,655</b>                         | <b>59,330,019</b> | <b>(1,353,611,562)</b>      | <b>222,577,194</b>                | <b>2,098,950,665</b>                  | <b>48,941,678</b>         | <b>2,147,892,343</b> |

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

# ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO CONSOLIDATED STATEMENTS OF CASH FLOW AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

|  |        | Audited<br>Current Period<br>1 January -<br>31 December 2023 | Audited Prior<br>Period<br>1 January -<br>31 December 2022 |
|--|--------|--|--|
| <b>A. CASH FLOWS FROM BUSINESS OPERATIONS</b>  |        |  |  |
|  | Dipnot | (206,175,468)  | 377,342,378  |
| Profit/(Loss) for the period   |        | 232,874,390  | 238,218,495  |
| <b>Adjustments to reconcile net profit (loss) to cash provided by operating activities</b>                         |        | <b>253,490,655</b>   | <b>(553,542,427)</b>                                       |
| Depreciation and Amortisation Expenses   | 13.14  | 9,140,243  | 13,427,944   |
| Adjustments for Provisions   |        | 30,783,299   | 52,990,227   |
| <i>Adjustments for Provisions/(Reversals) of Employee Benefits</i>   | 16     | 34,001,795   | 50,899,990   |
| <i>Adjustments for Provisions/(Reversals) of Lawsuits or Fine</i>  | 15     | (3,218,496)  | 7,841,523  |
| <i>Adjustments for Provisions/(Reversals) of General</i>   | 15     | -  | (5,752,170)  |
| <i>Reversal of Other Provisions</i>  | 15     | -  | 884  |
| Financial income/expense net   |        | 157,227,841  | 234,246,524  |
| <i>Interest income adjustments</i>   | 24     | (1,624,527)  | (16,130,083)   |
| <i>Interest expense adjustments</i>  | 24     | 158,852,368  | 250,376,607  |
| Adjustments for Fair Value Gains /(Losses)   |        | 13,438,119   | (813,492,711)  |
| <i>--Adjustments for Fair Value Gains /(Losses) of Investment Property</i>   | 12     | -  | -  |
| <i>Tax (Income)/(expenses)</i>   |        | 13,438,119   | (813,492,711)  |
| <i>Tax (Income)/(expenses)</i>   |        | 42,961,056   | (88,926,832)   |
| Adjustments for (Gains)/Losses from Disposal of Fixed Assets   |        | (59,903)   | (152,768)  |
| <i>-Adjustments for (Gains)/Losses from Disposal of Property, Plant and Equipment</i>                              |        | (59,903)   | (152,768)  |
| Adjustments for Unrealized Foreign Currency Translation Differences  |        | -  | 48,365,189   |
| <b>Changes in Net Working Capital</b>  |        | <b>(664,075,205)</b>   | <b>730,318,385</b>   |
| Increase/(Decreases) in Financial Investments  | 5      | 19,845   | (17,744)   |
| Adjustments (Gains)/Losses from for Trade Receivables  |        | (25,608,897)   | 801,662,581  |
| <i>-Increases/(Decreases) in Trade Receivables from Related Parties</i>  | 7.27   | (14,778,793)   | 2,258,063  |
| <i>-Increases/(Decreases) in Trade Receivables from Third Parties</i>  | 7      | (10,830,104)   | 799,404,518  |
| Adjustments for (Gains)/Losses from Other Receivables  |        | (21,049,018)   | 17,295,251   |
| <i>--Increases/(Decreases) in Other Receivables from Related Parties</i>   | 8.27   | (28,601,212)   | -  |
| <i>-Increases/(Decreases) in Other Receivables from Third Parties</i>  | 8      | 7,552,194  | 17,295,251   |
| Increase/(Decreases) in Due from customers under construction contracts  | 11     | (550,634,979)  | 276,213,731  |
| Increase/(Decreases) in Inventories  | 9      | 391,677,559  | (152,444,974)  |
| Increase/(Decreases) in Prepaid Expenses   | 10     | (71,949,616)   | 8,642,618  |
| Adjustments for (Gains)/Losses from Trade Payables   |        | 827,525,585  | 410,205,129  |
| <i>-Increases/(Decreases) in Trade Payables to Related Parties</i>   | 7.27   | (10,355,198)   | 11,998,387   |
| <i>-Increases/(Decreases) in Trade Payables to Third Parties</i>   | 7      | 837,880,783  | 398,206,742  |
| Increase/(Decreases) in Employee Benefits  | 16     | 13,776,144   | (86,033,387)   |
| Increase/(Decreases) in Due to customers under construction contracts  | 11     | (1,038,195,740)  | 113,141,726  |
| Adjustments for (Gains)/Losses from Other Payables   |        | (27,514,058)   | 45,000,179   |
| <i>-Increases/(Decreases) in Other Payables to Related Parties</i>   | 8.27   | (4,092,769)  | 27,963,555   |
| <i>-Increases/(Decreases) in Other Payables to Third Parties</i>   | 8      | (23,421,289)   | 17,036,624   |
| Increase/(Decreases) in Deferred Income  | 10     | (129,113,079)  | (727,371,940)  |
| Adjustments for (Gains)/Losses from Changes in Capitals  |        | (33,008,951)   | 24,025,215   |
| <i>-Increases/(Decreases) in Other Assets</i>  |        | 88,920,162   | (90,712,282)   |
| <i>-Increases/(Decreases) in Other Liabilities</i>   |        | (121,929,113)  | 114,737,497  |
| <b>Cash Flows from Operating Activities</b>  |        | <b>(870,698,024)</b>   | <b>51,546,269</b>  |
| Payments in the coverage of benefits provided to employees   | 16     | (24,218,149)   | (23,511,713)   |
| Tax Returns (Payments)   | 25     | (4,247,159)  | (14,140,361)   |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>  |        | <b>(210,138)</b>   | <b>(1,912,842)</b>   |
| Cash Inflows from Sales of Tangible and Intangible Assets  |        | 200,474  | 169,924  |
| <i>- Cash Inflows from Tangible Asset Sales</i>  | 13     | 200,474  | 169,924  |
| Cash Outflows from the Purchase of Tangible and Intangible Assets  |        | (410,612)  | (2,082,766)  |
| <i>- Cash Outflows from Tangible Asset Purchases</i>   | 13     | (410,612)  | (2,082,766)  |
| <i>- Cash Outflows from Intangible Asset Purchases</i>   | 14     | -  | -  |
| <b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>   |        | <b>73,569,151</b>  | <b>910,445,542</b>   |
| Cash Inflows from Borrowing  |        | 415,963,556  | 3,386,301,048  |
| <i>Cash Inflows from Loans</i>   | 6      | 415,963,556  | 3,386,301,048  |
| Cash Outflows Regarding Borrowings   |        | (185,166,564)  | (2,241,608,982)  |
| <i>Cash Outflows on Credit Repayments</i>  | 6      | (185,166,564)  | (2,241,608,982)  |
| Interest Paid  | 24     | (158,852,368)  | (250,376,607)  |
| Interest Received  | 24     | 1,624,527  | 16,130,083   |
| <b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS BEFORE FOREIGN CURRENCY CONVERSION ADJUSTMENTS (A+B+C)</b> |        | <b>(132,816,455)</b>   | <b>1,285,875,079</b>                                       |
| <b>D. EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>   |        | <b>(98,112,153)</b>  | <b>82,694,492</b>  |
| <b>E EFFECT OF MONETARY GAIN/LOSS CHANGES ON CASH AND CASH EQUIVALENTS</b>   |        | <b>58,558,852</b>  | <b>(1,446,812,001)</b>                                     |
| <b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D+E)</b>  |        | <b>(172,369,756)</b>   | <b>(78,242,429)</b>  |
| <b>E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>   | 4      | <b>206,994,356</b>   | <b>285,236,786</b>   |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)</b>  | 4      | <b>34,624,600</b>  | <b>206,994,356</b>   |

## CONTENTS

|     |  |    |
|-----|--|----|
| 1.  | ORGANIZATION AND ACTIVITIES .....  | 2  |
| 2.  | BASIC OF PRESENTATION CONSOLIDATED FINANCIAL STATEMENTS .....                        | 2  |
| 3.  | SEGMENT REPORTING .....  | 25 |
| 4.  | CASH AND CASH EQUIVALENTS.....   | 29 |
| 5.  | FINANCIAL INVESTMENTS .....  | 30 |
| 6.  | FINANCIAL BORROWINGS .....   | 30 |
| 7.  | TRADE RECEIVABLES AND PAYABLES.....  | 31 |
| 8.  | OTHER RECEIVABLES AND PAYABLES.....  | 32 |
| 9.  | INVENTORIES .....  | 33 |
| 10. | PREPAID EXPENSES AND DEFERRED REVENUES.....  | 33 |
| 11. | CONSTRUCTION CONTRACTS.....  | 33 |
| 12. | INVESTMENT PROPERTY .....  | 34 |
| 13. | TANGIBLE ASSETS .....  | 36 |
| 14. | INTANGIBLE ASSETS .....  | 38 |
| 15. | PROVISIONS AND CONTINGENT ASSETS AND LIABILITIES .....                               | 39 |
| 16. | EMPLOYEE BENEFITS .....  | 43 |
| 17. | OTHER ASSETS AND LIABILITIES .....   | 44 |
| 18. | CAPITAL, RESERVES AND OTHER EQUITY COMPONENTS .....                                  | 44 |
| 19. | REVENUE/COST OF SALES .....  | 47 |
| 20. | GENERAL ADMINISTRATIVE EXPENSES.....   | 47 |
| 21. | EXPENSES BY NATURE.....  | 47 |
| 22. | INCOME/EXPENSES FROM MAIN OPERATIONS.....  | 48 |
| 23. | INCOME/EXPENSES FROM INVESTMENT ACTIVITIES.....                                      | 48 |
| 24. | FINANCIAL INCOME/(EXPENSES) .....  | 49 |
| 25. | INCOME TAXES .....   | 49 |
| 26. | EARNINGS / (LOSS) PER SHARE .....  | 52 |
| 27. | RELATED PARTY DISCLOSURES .....  | 52 |
| 28. | THE NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL<br>INSTRUMENTS .....           | 56 |
| 29. | FINANCIAL INSTRUMENTS<br>(FAIR VALUE OF FINANCIAL RISK MANAGEMENT DISCLOSURES) ..... | 62 |
| 30. | EXPLANATIONS RELATED TO STATEMENT OF CHANGES IN<br>SHAREHOLDERS EQUITY .....         | 63 |
| 31. | EVENTS AFTER THE REPORTING PERIOD.....   | 63 |



# ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

### 1. ORGANIZATION AND ACTIVITIES

The Company was first established in 1986 by the title of “Anel Elektrik Proje Taahhut Ve Ticaret Limited Sirketi”. The Company’s commercial type has been changed to “Anel Elektrik Proje Taahhut Ve Ticaret Anonim Sirketi” (The ‘Company-Anel Elektrik’) in 26 December 2006. The company’s head Office is located in Saray Mahallesi Site Yolu Caddesi No:5/4 34768 Anel İş Merkezi, Ümraniye/İstanbul.

Branch Adresses:

Doha Branch: P.O. Box: 21346 Doha - Qatar

Azerbaijan Branch: C. Cabbarlı 44, Caspian Plaza Kat:2 D:4 Bakü – Azerbaijan

Netherlands Branch: Transpolispark, Siriusdreef 17-27, 2132 WT Hoofddorp Amsterdam

The Company and its subsidiaries (“the Group”) operates in four divisions just as; project construction, ship electricity and electronics, real estate projects and telecommunications. The following fields of activity at the same time, underlie the reporting according to Group's activities.

Project Construction - providing electricity and mechanic works according to project agreement,  
Ship Electricity and Electronics - Ship electrical and electronics systems design,  
Land and Buildings - Land and Building buying and selling,  
Telecommunications - Telecommunications (There is no actual ongoing project in these areas in the current period).

The Company’s shares were offered to public since 2010 and as at 31 December 2023, 22% of shares are traded in Borsa İstanbul A.Ş. (“BİST”) according to Central Registry Agency (“CRA”) records (31 December 2022:36.02%) (Note :18).

As of 31 December 2023, 480 personnel have been employed within the Group (31 December 2022: 658 people).

The main shareholder of the company is Çelikel Family. Details regarding the Group's subsidiaries are as follows:

Subsidiaries included to full consolidation are as follows:

| <u>Name of company</u>  | <u>Field of company</u>          | <u>Activity type</u> | <u>Foundation of country</u> | <u>Foundation of year</u> |
|---|----------------------------------|----------------------|------------------------------|---------------------------|
| Anel Marin Gemi Elektrik Elektronik Sist.Tic. ve San. A.Ş.    | Ship Electricity and Electronics | Service              | Turkey                       | 2005                      |
| Anel Emirates General Contracting LLC                         | Project Commitment               | Service              | United Arab Emirates         | 2010                      |
| Anelmep Maintenance and Operations LLC                        | Project Commitment               | Service              | Qatar                        | 2008                      |
| Anel Yapı Gayrimenkul A.Ş.                                    | Land and Buildings               | Service              | Turkey                       | 2007                      |
| Anel Engineering & Contracting Ltd.                           | Project Commitment               | Service              | England                      | 2017                      |
| Anel Telekomünikasyon Elektronik Sistemleri San. ve Tic. A.Ş. | Telecommunications               | Service              | Turkey                       | 2003                      |
| Anel Dar Libya Constructing & Services LLC                    | Project Commitment               | Service              | Libya                        | 2010                      |

# ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

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### 1. ORGANIZATION AND ACTIVITIES (Continued)

The Company does not have any subsidiaries traded on any stock exchange. Anel Telekomünikasyon Elektronik Sistemleri San. ve Tic. Inc.’s shares are in the status of publicly traded corporations that are not publicly traded.

From now on, Anel Elektrik Proje Taahhüt ve Ticaret A.Ş. and with the subsidiaries mentioned above referred to as the “Group”.

### 2. BASIC OF PRESENTATION FINANCIAL STATEMENTS

#### 2.1 Basic Standards of Presentation

##### **Basic of presentation of the consolidated financial statements**

##### ***Statement of compliance with Turkish Financial Reporting Statement (“TFRS”)***

The accompanying financial statements are prepared in accordance with Turkish Financial Reporting Standards Accounting Standards (“TFRS”) published by Public Oversight Accounting and Auditing Standards Authority (“POA”) together with the provisions of accordance with to Capital Market Board of Turkey (“CMB”)’s “Principles of Financial Reporting in Capital Market” dated 13 June 2013 and published in the Official Gazette numbered 28676 Series II. No.14.1. TFRS consist of standards and interpretations which are published as Turkish Accounting Standards (“TAS”), Turkish Financial Reporting Standards, TAS interpretations and TFRS interpretations.

##### ***Preparation of financial statements***

The consolidated financial statements are presented in accordance with the announcement regarding with TFRS Taxonomy issued on October 15 2022 by POA and announcement regarding with formats of financial statements and notes issued by CMB.

The financial statements were approved by the Board of Directors on 13 May 2024. The General Assembly have the right to amend the financial statements. The relevant regulatory bodies may request changes in the financial statements of the Company.

##### ***Basis of measurement***

Consolidated financial statements are prepared on the historical cost basis except for the revaluation of financial instruments, investment properties and buildings.

##### **Comparative information, changes in accounting policies and restatement of prior period financial statements**

In order to allow the determination of financial position and performance of the Group are prepared in the comparative prior period consolidated financial statements of the current period. In order to comply with the presentation of the consolidated financial statements for the period necessary, comparative figures are reclassified.

##### **Going concern**

Consolidated financial statements are prepared according to the continuity of the company under the assumption that the group will benefit from its assets in the next year and its activities in the natural flow and fulfill its obligations.

In the Abu Dhabi International Airport MTB electrical work project worth USD531 million (AED1.9 billion) undertaken by Anel Emirates LLC, a subsidiary, the delay of the settlement of final accounts between our employer TAV-CCC-Arabtec JV (JV) and Abu Dhabi Airport Management (ADAC) caused a delay of the Group’s settlement of accounts with JV. As per the agreement, JV applied for arbitration of reconciliation with ADAC.

# ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

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### 2. BASIC OF PRESENTATION FINANCIAL STATEMENTS (Continued)

#### 2.1. Basic Standards of Presentation (Continued)

There is an income accrual of USD 77.6 million from the project, calculated according to the percentage of completion within the scope of TFRS 15 Revenue from Customer Contracts Standard, and USD 26.6 million of this income accrual provision has been collected as an advance payment for the works completed, and is included in the long-term TFRS consolidated statement of financial position. It is included in the deferred income (advances received) account in liabilities.

Although there is a net receivable figure of 51 million USD in the consolidated financial statements dated December 31, 2023, the claim subject to the arbitration process is above the net receivable figure in the financial statements, and there is a possibility of receivable collection above this amount at the end of the process.

With the prediction that the arbitrage process of the income accrual in the amount of 77.6 million US Dollars (2,283,281,341 TL as of the reporting date), calculated based on the percentage of completion, may last longer than 1 year, the Management deemed it appropriate to continue accounting it under long-term receivables in accordance with the periodicity principle.

On March 25, 2022, Denizbank A.Ş. was appointed as the leading bank for the restructuring of financial debts to banks within the scope of the Financial Restructuring Framework Agreement. The necessary application documents have been prepared and the process of maintaining the situation continues as of the date of approval of the financial statements.

Although the Group's net working capital is negatively affected due to the receivables from the Abu Dhabi International Airport project being tracked under fixed assets in accordance with the periodicity principle, it is planned to spread these liabilities over the long term within the scope of the restructuring of its financial debts and thus ensure liquidity balance.

Our company is Anel Elektrik Proje Taahhüt ve Ticaret A.Ş. and our subsidiaries Anelyapı Gayrimenkul A.Ş., Anel Telekomünikasyon Elektronik Sistemleri Sanayi ve Ticaret A.Ş., Anelmarin Gemi Elk. Elkt. Fog. Tic. and San. Inc. and Anelsis Engineering and Trade Ltd., one of the Anel Group companies. Ltd. and Anel Doğa Entegre Recycling Industry Inc. to which Denizbank A.Ş., Akbank T.A.Ş., Vakıf Katılım Bankası A.Ş., Türkiye İşbankası A.Ş., Ziraat Katılım Bankası A.Ş., Türkiye Finans Katılım Bankası, Türkiye Emlak Katılım Bankası A.Ş. are parties. ., Kuveyt Türk Katılım Bankası A.Ş., Yapı ve Kredi Bankası A.Ş., Ziraat Bankası A.Ş., QNB Finans Faktoring A.Ş., Burganbank A.Ş., Türkiye Garanti Bankası A.Ş., QNB Finansbank A.Ş. As a result of the protocol negotiations regarding the restructuring of our cash and non-cash loans included in our financial reports used from "financial institutions", the "Restructuring Agreement" was signed and entered into force under the following conditions.

In this context, cash debts of the above-mentioned companies are based on an interest rate of 16% for TL loans and 4% for foreign currency loans within the scope of the Financial Restructuring legislation; It was restructured with a 6-year maturity (with no down payment for the first 18 months). The first principal and interest payment date has been determined as September 30, 2024, and each payment will be made in 6-month installments. Any interest and commission fees arising from both non-cash and cash loans during the grace period will be added to the principal at the end of the grace period and will be matured under the same conditions.

In addition, the contract articles included the sale of Anel Business Center, located in İstanbul / Ümraniye and an asset of Anelyapı Gayrimenkul A.Ş., in case of an affordable price offer, and the early liquidation of debts.

#### **Offsetting**

Financial assets and liabilities are offset and the net amount 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 realize the asset and settle the liability simultaneously.

**ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ  
AND ITS SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND  
FOR THE YEAR ENDED 31 DECEMBER 2023**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

**2. BASIC OF PRESENTATION FINANCIAL STATEMENTS (Continued)**

**2.1. Basic Standards of Presentation (Continued)**

**Functional and presentation currency**

TAS 21 "Effects of Changes in Foreign Exchange Rates," according to the consolidation of branches and subsidiaries of the Group's assets and liabilities of foreign countries in parity with the balance sheet date are translated into Turkish Lira. The average exchange rate of the period with revenue and expense items are translated into Turkish Lira. Closing and average exchange rate differences resulting from the use of foreign currency translation differences in equity accounts are being followed.

**Consolidation Principles**

The foreign exchange rates those were used in exchanging consolidating overseas activities are as follows:

| <b>Name of the Company</b> | <b>Currency</b>             | <b>31 December 2023</b>  |                              | <b>31 December 2022</b>  |                              |
|----------------------------|-----------------------------|--------------------------|------------------------------|--------------------------|------------------------------|
|                            |                             | <b>End of the Period</b> | <b>Average of the Period</b> | <b>End of the Period</b> | <b>Average of the Period</b> |
| Katar Branch               | Qatar Riyal (QAR)           | 8,0874                   | 6,5213                       | 5,1369                   | 2,4283                       |
| Azerbaycan Branch          | New Manat                   | 17,3166                  | 13,9634                      | 10,9990                  | 5,1994                       |
| Anel Emirates              | United Arab Emirates Dirham | 8,0213                   | 6,4680                       | 5,0949                   | 2,4084                       |
| Anel Mep                   | Qatar Riyal (QAR)           | 8,0874                   | 6,5213                       | 5,1369                   | 2,4283                       |

The following methods are used in the presentation of the Company's subsidiaries operating in foreign countries in the financial statements.

Operations of branch-like enterprises are subject to valuation, such as the operations of the parent company. In this context, the Central Bank of the Republic of Turkey, which is valid at the end of the reporting period of the monetary and non-monetary items in the financial statements prepared with their respective currencies and the subsidiaries and joint ventures (“TCMB”) is translated into Turkish lira through exchange rates. The income and expense items are distributed regularly over the years, and the average annual rates are translated into Turkish lira. The exchange rate differences arising from the cycle are monitored in the consolidated Balance sheet under the Equity account group in the “foreign currency cycle differences” account. Equity items are also translated into Turkish lira through TCMB exchange rates, which are valid at the end of the reporting period. The currency translation for equity items of branch-like enterprises and independent foreign enterprises in foreign countries that are involved in the consolidation are recognize under the “Foreign Currency Conversion Difference” account under the Equity account group.

The consolidated financial statements include the financial statements of the Company and its subsidiaries until loss of the control. The Group ‘controls’ an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

***Subsidiaries***

Consolidated financial statements as of 31 December 2023; includes the financial statements of the Company's subsidiaries that have control over their financial and activity policies. As of 31 December 2023 and 31 December 2022 direct and indirect participation rate of subsidiaries subject to consolidation are as follows.

| <b><u>Subsidiaries</u></b>  | <b><u>Establishment and place of organization</u></b> | <b><u>Core Business</u></b>   | <b><u>Currency</u></b> | <b><u>31.12.2023</u></b> | <b><u>31.12.2022</u></b> |
|---|---|-------------------------------|------------------------|--------------------------|--------------------------|
| Anel Marin Gemi Elektrik Elektronik, Sist. Ticaret ve Sanayi A.Ş. | Turkey  | Marine Electrical, Electronic | Turkish Lira           | 93.00                    | 93.00                    |
| Anel Emirates General Contracting LLC                             | United Arab Emirates                                  | Project Commitment            | USD Dollar             | 100.00                   | 100.00                   |
| Anelmep Maintenance and Operations LLC                            | Qatar   | Project Commitment            | Qatar Riyal            | 100.00                   | 100.00                   |
| Anel Engineering & Contracting Ltd.                               | England   | Project Commitment            | British Pound          | 100.00                   | 100.00                   |
| Anel Telekomünikasyon Elektronik Sistemleri San. ve Tic. A.Ş.     | Turkey  | Telecommunications            | Turkish Lira           | 96.61                    | 96.61                    |
| Anel Yapı Gayrimenkul A.Ş.  | Turkey  | Land and Buildings Project    | Turkish Lira           | 98.39                    | 98.39                    |
| Anel Dar Libya Constructing & Services LLC                        | Libya   | Project Commitment            | USD Dollar             | 65.00                    | 65.00                    |

Control is deemed to exist if the parent company has control over more than half of the voting rights, directly or indirectly, in an association and has the authority to manage the entity's financial and operating policies. In the consolidation of financial statements, all profits and losses, including intercompany balances, transactions and unrealized profits and losses, are offset. Consolidated financial statements are prepared by applying consistent accounting policies for similar transactions and accounts.

The financial statements of the subsidiaries are prepared for the same accounting period as the parent. Subsidiaries include the controlling party the console will start to be consolded and the console will be terminated when the control is removed from the group. Income and expenses of subsidiaries purchased or disposed of during the year are included in profit or loss in the consonant and other comprehensive income statement until the date of elimination from the date of purchase.

The Group reevaluates whether or not the company has control over its investment if there is a situation or event that may cause any changes to at least one of the criteria listed above.

**ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ  
AND ITS SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND  
FOR THE YEAR ENDED 31 DECEMBER 2023**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

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**2. BASIC OF PRESENTATION FINANCIAL STATEMENTS (Continued)**

**2.1 Basic Standards of Presentation (Continued)**

*Subsidiaries (Continued)*

Non-controlling interest in the net assets of subsidiaries incorporated into the consolidation It is included as a separate pencil in the equity. The shareholders of consolidated subsidiaries and their main non-affiliate shares within the current term operations have been individually shown as "non-controlling interests" in consolidated financial statements. Non-controlling interest consist of the amount of the main non-affiliate shares in the shareholders ' equity changes from the date of purchase, with the amounts belonging to the shares that are not already in the initial purchase date. Even if non-controlling interests result in a negative balance, total comprehensive income is transferred to the parent shareholders and non-controlling interests

In the event that the company does not have the majority voting rights on the invested company/entity, the investment company/entity should be eligible for adequate voting to direct/manage the activities of the related investment alone. It has control power on it. The company should evaluate whether the majority of the voting in the respective investment, including the following elements, is sufficient to provide control power. Consider all relevant events and conditions.

- Comparing Company’s vote right with other shareholders vote rights,
- Company’s and other shareholders potential vote rights,
- Other rights according to agreements and
- Other conditions which shows Company’s current power to ability manage related operations (past voting on general assemblies)

In the event that the group is required, the financial statements of the subsidiaries have been made to make adjustments to the accounting policies in order to be the same as the accounting policies.

All intra-group assets and liabilities, equity, revenues and expenses and cash flows for transactions between group companies are eliminated in consolidation.

***Elimination Transactions on the Consolidation***

Unrealized gains and expenses arising from intra-group transactions, intra-group balances and intra-group transactions are eliminated on a straight-line basis in preparation of the financial statements. Profits and Losses arises from transactions between parent and subsidiaries subject to consolidation offsets as far as parent’s share on subsidiary. Unrecognized losses are deleted in the same way as unrealized gains unless there is evidence of impairment.

***Regulatory principles of the consolidated balance sheet and consolidated income statement***

***Full Consolidation Method:***

The Company and its subsidiaries paid-in capital and balance sheet items were collected. The collection process, the consolidation of the subsidiaries' receivables and payables decreased from each other.

- The consolidated balance sheet of the Company's paid in capital paid-in capital paid-in capital of subsidiaries are not included in the consolidated balance sheet.
- Consolidated subsidiaries paid / issued capital items included in the set of all equity, the parent company and its subsidiaries and the consolidated balance sheet is reduced to the amounts attributable to non-controlling interests in shareholders’ equity account group and the “Minority Interests” group name is shown.
- Companies which are subject to consolidation have been bought current and non-current assets from each other, in principle, these assets are shown at acquisition cost, which entities subject to consolidation adjustments will be made in the accompanying consolidated balance sheet prior to the sale has taken place.

**ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ  
AND ITS SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND  
FOR THE YEAR ENDED 31 DECEMBER 2023**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

**2. BASIC OF PRESENTATION FINANCIAL STATEMENTS (Continued)**

**2.1 Basic Standards of Presentation (Continued)**

***Regulatory principles of the consolidated balance sheet and consolidated income statement (Continued)***

*Full Consolidation Method: (Continued)*

- The Company's income statement and its subsidiaries are separately collected and consolidation of the process of collecting the goods and services subject to the sales of companies that they have made to each other, the total sales amounts and reduced the cost of goods sold. Consolidation of subsidiaries' stocks, profit from the trading of goods between these partnerships on the consolidated financial statements, inventories added by subtracting the cost of goods sold, cost of goods sold if the damage has been reduced by adding to inventories. Formed due to the consolidation of subsidiaries' income and expenses related to transactions with each other, mutual accounts have been eliminated.
- The net profit or loss of consolidated subsidiaries other than the shares of companies' subject to the portion that corresponds to the consolidation method, the consolidated net profit for the "Minority Interests" group name is shown.
- Adjustment has been made on subsidiary's financial statement to bring in compliance with accounting policies used by intragroup companies under necessity.

In accordance with the decision of the Capital Markets Board (CMB) dated 28 December, 2023 and numbered 81/1820, it has been decided that issuers and capital market institutions subject to financial reporting regulations that apply the Turkish Accounting/Financial Reporting Standards (TAS) will start applying inflation accounting by applying the provisions of IAS 29 for their annual financial statements for the reporting periods ending on 31 December 2023.

The restatement for the changes in the general purchasing power of the Turkish Lira as of 31 December 2023 is based on IAS 29 “Financial Reporting in Hyperinflationary Economies”. IAS 29 requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the measuring unit current at the balance sheet date, and that corresponding figures for previous periods be restated in the same terms. Such indices and conversion factors used to restate the financial statements of the current and previous periods since January 1, 2005 are as follows:

| <b>Date</b>      | <b>Index</b> | <b>Coefficient Rate</b> | <b>Cumulative 3 Years Inflation Rate</b> |
|------------------|--------------|-------------------------|--|
| 31 December 2023 | 1.859,38     | 1,00000                 | 268%                                     |
| 31 December 2022 | 1.128,45     | 1,64773                 | 156%                                     |
| 31 December 2021 | 686,95       | 2,70672                 | 74%                                      |

The main procedures for the above mentioned restatement are as follows:

- Financial statements prepared in TRY are stated in terms of the purchasing power at the balance sheet date, and comparative financial statements are restated using general inflation indices at the currency purchasing power at the latest balance sheet date.
- Monetary assets and liabilities that are carried at amounts current at the balance sheet date are not restated because they are already expressed in terms of the monetary unit current at the balance sheet date. In case where the restated values of non-monetary items exceed the recoverable amount or net realizable value, the rules of TAS 36 and TAS 2 were applied, respectively.
- Non-monetary assets and liabilities that are not carried at amounts current at the balance sheet date and components of equity are restated by applying the relevant monthly conversion factors.
- All items included in the statement of comprehensive income, except for non-monetary items in the balance sheet that have an impact on the statement of comprehensive income are restated by applying the conversion factors over the periods in which the income and expense accounts are first reflected in the financial statements.
- The effect of general inflation on the Company's net monetary liability position is included in the consolidated statement of income as gain on net monetary position.

**ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ  
AND ITS SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND  
FOR THE YEAR ENDED 31 DECEMBER 2023**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

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**2. BASIC OF PRESENTATION FINANCIAL STATEMENTS (Continued)**

**2.2 New and Revised Turkey Accounting Standards**

*a) Standards, amendments, and interpretations applicable as of 31 December 2023:*

- - **Narrow scope amendments to IAS 1, Practice Statement 2 and IAS 8;** effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.
- **Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction;** effective from annual periods beginning on or after 1 January 2023. These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.
- **IFRS 17, ‘Insurance Contracts’;** effective from annual periods beginning on or after 1 January 2023. This standard replaces IFRS 4, which permitted a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts.
- **Amendment to IAS 12 - International tax reform ;** The temporary exception is effective for December 2023 year ends and the disclosure requirements are effective for accounting periods beginning on or after 1 January 2023, with early application permitted. These amendments give companies temporary relief from accounting for deferred taxes arising from the Minimum Tax Implementation Handbook international tax reform. The amendments also introduce targeted disclosure requirements for affected companies.

*b) Standards, amendments, and interpretations that are issued but not effective as of 31 December 2023:*

- **Amendment to IAS 1 – Non-current liabilities with covenants;** effective from annual periods beginning on or after 1 January 2024. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.
- **Amendment to IFRS 16 – Leases on sale and leaseback;** effective from annual periods beginning on or after 1 January 2024. These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.
- **Amendments to IAS 7 and IFRS 7 on Supplier finance arrangements;** effective from annual periods beginning on or after 1 January 2024. These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company’s liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB’s response to investors’ concerns that some companies’ supplier finance arrangements are not sufficiently visible, hindering investors’ analysis.

**ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ  
AND ITS SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND  
FOR THE YEAR ENDED 31 DECEMBER 2023**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

---

**2. BASIC OF PRESENTATION FINANCIAL STATEMENTS (Continued)**

**2.2 New and Revised Turkey Accounting Standards**

- **Amendments to IAS 21 - Lack of Exchangeability;** effective from annual periods beginning on or after 1 January 2025. An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.
- **IFRS S1, ‘General requirements for disclosure of sustainability-related financial information;** effective from annual periods beginning on or after 1 January 2024. This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity’s value chain.
- **IFRS S2, ‘Climate-related disclosures’;** effective from annual periods beginning on or after 1 January 2024. This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.

However, it was announced in the Board Decision published in the Official Gazette on December 29, 2023 that certain businesses will be subject to mandatory sustainability reporting starting from January 1, 2024. The businesses that will be subject to Sustainability Reporting are determined within the scope of the "Board Decision on the Scope of Application of the Turkish Sustainability Reporting Standards (TSRS)" dated January 5, 2024.

**2.3. Summary of Significant Accounting Policies**

**Financial Instruments**

***i. Recognition and initial 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.

***ii. Reclassification and subsequent measurement***

On initial recognition, a financial asset is classified as measured at: amortized cost, 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.



**ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ  
AND ITS SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND  
FOR THE YEAR ENDED 31 DECEMBER 2023**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

---

**2. BASIC OF PRESENTATION FINANCIAL STATEMENTS (Continued)**

**2.3. Summary of Significant Accounting Policies (Continued)**

*ii. Reclassification and subsequent measurement (Continued)*

All financial assets that are not measured at amortized cost or at fair value through profit or loss are measured at fair value through profit or loss.

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. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management’s strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets.
- How the performance of the portfolio is evaluated and reported to the Group’s management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed and
- How the additional payments to the group managers are determined (whether compensation is based on the fair value of the assets managed or the contractual cash flows collected) and financial assets at fair value through profit or loss are measured at fair value through profit or loss and

Financial assets whose fair value is managed and evaluated accordingly are measured as fair value changes reflecting profit or loss.

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

‘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 Company 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.

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. Additionally, for a financial asset acquired at a significant discount or premium to its contractual per amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition. Trade receivables and other receivables meet solely payments of principal and interest test since principal is the present value of the expected cash flows. Those receivables are managed in line with the held to collect business model.

**ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ  
AND ITS SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND  
FOR THE YEAR ENDED 31 DECEMBER 2023**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

**2. BASIC OF PRESENTATION FINANCIAL STATEMENTS (Continued)**

**2.3 Summary of Significant Accounting Policies (Continued)**

**ii. Reclassification and subsequent measurement (Continued)**

Financial assets - Subsequent measurement and gains and losses

|   |   |
|---|---|
| <b>Financial assets at FVTPL</b>          | Financial assets at FVTPL are comprised of derivatives. These assets are subsequently measured at fair value. Net gains and losses, including any interest, are recognized in profit or loss.   |
| <b>Financial assets at amortized cost</b> | Financial assets at amortized cost are comprised of cash and cash equivalents, trade receivables, other receivables and other assets. 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 de-recognition is recognized in profit or loss. |
| <b>Equity investments at FVOCI</b>        | Equity investments at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.   |

***Non-derivative financial assets***

The Group initially recognized loans and receivables and deposits on the date that they were originated. All other financial assets were recognized initially on the trade date at which the Group became a party to the contractual provisions of the instrument. Non-derivative financial assets were comprised of loans and receivables and cash and cash equivalents and financial investments.

***Loans and receivables***

Loans and receivables were financial assets with fixed or determinable payments that were not quoted in an active market. Such assets were recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables were measured at amortized cost using the effective interest method, less any impairment losses. Loans and receivables were comprised of cash and cash equivalents, and trade and other receivables, receivables from related parties and financial investments. Receivables from customers in relation to a component of revenue were recognized as trade receivables in financial statements. Receivables that were not classified as trade receivables and were not financial investments were recognized as other receivables.

***Cash and cash equivalents***

Cash and cash equivalents were comprised of cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and were used by the Group in the management of its short-term commitments. Cash and cash equivalents were comprised of cash, cash at banks and other cash and cash equivalents.

***Financial liabilities: Classification, subsequent measurement and gains and losses***

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

**ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ  
AND ITS SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND  
FOR THE YEAR ENDED 31 DECEMBER 2023**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

---

**2. BASIC OF PRESENTATION FINANCIAL STATEMENTS (Continued)**

**2.3 Summary of Significant Accounting Policies (Continued)**

*ii. Reclassification and subsequent measurement (Continued)*

*Non-derivative financial liabilities*

The Group classified non-derivative financial liabilities into the other financial liabilities category except for bills, bonds and notes issued. Such financial liabilities were recognized initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities were measured at amortized cost using the effective interest method. Other financial liabilities were comprised of loans, trade and other payables, payables to related parties and other payables. Trade payables were payables to third parties in relation to their capacity as suppliers. Other payables stemming from transactions with parties that were not suppliers or customers which were not classified as trade payables and were not a result of financing operations were recognized as other payables.

The instrument was equity instrument if, the following were met:

- a) The instrument included no contractual obligation to deliver cash or another financial asset to another entity; or to exchange financial assets or financial liabilities with another entity under conditions that were potentially unfavorable to the Group,
- b) If the instrument would or might be settled in the Group’s own equity instruments, it was a non-derivative that included no contractual obligation for the Group to deliver a variable number of its own equity instruments; or a derivative that would be settled only by the Group exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

*iii. 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.

Financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. 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.

*iv. Offsetting*

Financial assets and liabilities are offset and the net amount 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 realize the asset and settle the liability simultaneously.

**ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ  
AND ITS SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND  
FOR THE YEAR ENDED 31 DECEMBER 2023**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

---

**2. BASIC OF PRESENTATION FINANCIAL STATEMENTS (Continued)**

**2.3 Summary of Significant Accounting Policies (Continued)**

**Impairment**

**Financial instruments and contract assets**

The Group recognizes loss allowances for ECLs on:

- Financial assets measured at amortized cost;
- Contract assets (as defined in TFRS 15).

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

- Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument and
- 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date.

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following, which are measured as 12-month ECL:

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

Loss allowances for trade receivables, other receivables, other assets and contract assets are always measured at an amount equal to lifetime expected credit losses.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, 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.

Lifetime expected credit losses are the result of possible default events over the expected life of a financial instrument.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which 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. ECLs are discounted at the effective interest rate of the financial asset.

For trade receivables, other receivables, other assets and contract assets the Group applies the simplified approach to providing for expected credit losses prescribed in TFRS 9, which requires the use of the lifetime expected loss provision for all trade receivables. The Group performed the calculation of ECL rates separately for individual, corporate, public and wholesale customers. The ECLs were calculated based on actual credit loss experience over the past years.

Exposures within each group were segmented based on common credit risk characteristics such as delinquency status.

Actual credit loss experience was adjusted to reflect differences between economic conditions during the period over which the historical data was collected, current conditions and the Group’s view of economic conditions over the expected lives of the receivables. Future collection performance of receivables are estimated by considering general economic conditions to incorporate forward looking information to the expected credit loss calculations.

**Credit-impaired financial assets**

At each reporting date, the Group assesses whether financial assets carried at amortized cost 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.

**ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ  
AND ITS SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND  
FOR THE YEAR ENDED 31 DECEMBER 2023**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

---

**2. BASIC OF PRESENTATION FINANCIAL STATEMENTS (Continued)**

**2.3 Summary of Significant Accounting Policies (Continued)**

*Presentation of impairment in the statement of financial position*

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. The amendment does not have any significant effect on the financial assets and financial liabilities of the Group and is not listed in the consolidated financial statements.

*Write-off*

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group’s procedures for recovery of amounts due. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where trade receivables, other receivables, other assets and contract assets have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized in profit or loss.

*Financial assets*

The fair value difference will be recognized by the total of fair market value and expenses that are directly related to purchasing transactions except the financial assets recognized by fair value and financial assets that are reflected to profit/loss. The purchasing or selling of a financial asset with respect to a contract that has a delivery condition will be recorded at the date of the transaction or derecognised from the accounting records.

The Group classifies its financial assets as “financial assets at fair value through profit or loss”, “investments held to maturity”, “available-for-sale financial assets” and “loans and receivables”.The classification is determined at the time of initial filing, depending on the purpose and nature of the asset obtained. The Group does not have investments held to maturity.

*The effective interest method*

The effective interest method of calculating the amortized cost of a financial asset and of allocating the interest income related to the Respective period. The effective interest rate for the expected life of the financial instrument or, where Appropriate, a shorter period of time, the sum of the estimated cash flow, net present value of the related financial assets.

Financial assets at fair value through profit or loss on financial assets, except calculated by using the effective interest method.

*Financial assets at fair value through profit or loss*

At fair value through profit or loss are financial assets are financial assets held for trading purposes. A financial asset is classified in this category if acquired principally for the purpose of disposal. Against financial risk, derivative instruments are designated as effective hedging instruments which embody the fair value of financial assets classified as financial assets at fair value through profit.

**ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ  
AND ITS SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND  
FOR THE YEAR ENDED 31 DECEMBER 2023**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

---

**2. BASIC OF PRESENTATION FINANCIAL STATEMENTS (Continued)**

**2.3 Summary of Significant Accounting Policies (Continued)**

*Available-for-sale financial assets*

Held by the Group that are traded in an active market with quoted equity instruments and certain debt securities are classified as available-for-sale financial assets are stated at fair value. Are not quoted in an active market and the Group's unlisted equity instruments classified as available for sale financial assets, but the fair values can be reliably measured are measured at cost. Impairment losses recognized in income statement, interest calculated using the effective interest method and foreign exchange losses on monetary assets, profit / loss amount, except for gains and losses arising from changes in fair value are recognized in other comprehensive income and accumulated financial assets revaluation reserve. If the investment is sold or impaired, the accumulated financial assets revaluation reserve total profit/loss is reclassified.

Dividends on available-for-sale equity instruments are recognized in profit or loss when the Group has the right to receive dividends.

*Loans and receivables*

Commercial and other receivables and loans that are not traded on the market, with fixed and identifiable payments, are classified into this category. Credits and receivables are shown by decreasing the low value over the discounted cost using the effective interest method.

*Impairment of financial assets*

Financial assets or groups of financial assets other than financial assets at fair value through profit or loss are assessed for indicators of impairment at each balance sheet date. . One or more events occur after the initial recognition of the financial asset and the related event is related to the impairment of the related financial asset or the future cash flow of the asset group that can be reliably estimated. If there is a neutral indicator, the impairment of value occurs.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the present value of the estimated future cash flows, discounted at the financial asset's effective interest rate, and the carrying amount..

For all financial assets, except for trade receivables where the carrying amount is reduced through the use of a provision, the impairment is directly deducted from the carrying amount of the related financial asset. If the commercial receivable can not be collected, it is deducted from the corresponding amount provision account and deleted. Changes in the allowance account are recognized in the income statement.

Except for available for sale equity instruments, if the impairment loss decreases in the following period and the impairment loss can be attributed to an event occurring after the recognition of the impairment loss, the impairment loss previously recognized will not exceed the amortized cost amount if the impairment of the investment has not been accounted for at the date when the impairment is canceled it is canceled in the income table.

The increase in the fair value of available-for-sale equity securities after impairment is accounted directly in equity.

*Cash and cash equivalents*

Cash and cash equivalents were comprised of cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and were used by the Group in the management of its short-term commitments.

**ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ  
AND ITS SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND  
FOR THE YEAR ENDED 31 DECEMBER 2023**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

---

**2. BASIC OF PRESENTATION FINANCIAL STATEMENTS (Continued)**

**2.3 Summary of Significant Accounting Policies (Continued)**

Financial liabilities

The Group's financial liabilities and equity instruments, the contractual arrangements, the definitions of a financial liability and an equity instrument classified on the basis of. Assets of the Group after deducting all of its liabilities equity instrument is any contract that right. For specific financial liabilities and equity instruments accounting policies set out below.

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

*Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss, are recognized at fair value at each reporting period and at the balance sheet date the fair value is revalued. Changes in fair value, are recognized in the income statement. Net gains or losses are recognized in the income statement, include the amount of interest paid on the financial liability.

*Other financial liabilities*

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

Other financial liabilities are subsequently at amortized cost using the effective interest rate and are accounted for at amortized cost using the effective interest method.

The effective interest method, calculating the amortized cost of a financial liability and of allocating interest expense associated period. The effective interest rate for the expected life of the financial instrument or a shorter period of time, if appropriate, the estimated future cash payments net present value of the financial liability.

*Trade Payables*

Trade payables in the ordinary activities of the suppliers of goods and services provided refers to payments to be made on. Trade payables are initially and subsequently at fair value calculated at the effective interest method are measured at amortized cost (Note 7).

**Inventories**

Inventories are the items as held for sale in the ordinary course of business, which is produced to be sold or used in the production process or the provision of services in the form of raw materials assets shown. Advances given are classified in the prepaid expenses until the related stock is recognized.

Inventories are valued at the lower of cost and net realizable value. The cost of inventories of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition involves. The costs of conversion of inventories, such as direct labor costs related to production costs. These costs are also incurred in converting raw materials and finished goods material in a systematic allocation of fixed and variable production overheads that include the amounts.

Net realizable value is the estimated selling price in the ordinary course of business, the estimated costs of completion and the estimated costs necessary to make the sale shall be obtained by deducting total. Stocks in the financial statements, use or sales can not be tracked at a price higher than the amount expected to be achieved as a result. The net realizable value of inventories is less than cost, inventories are reduced to net realizable value and are recognized as an expense in the income statement in the year when the impairment. That caused inventories to be written down to net realizable value before conditions or evidence of an increase in net realizable value because of changed economic circumstances cases, impairment loss is canceled. The previously recognized impairment loss is limited to the amount of the canceled amount (Note 9).

Company, uses ‘moving average method’ method to able to calculate cost of inventories.

**ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ  
AND ITS SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND  
FOR THE YEAR ENDED 31 DECEMBER 2023**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

**2. BASIC OF PRESENTATION FINANCIAL STATEMENTS (Continued)**

**2.3 Summary of Significant Accounting Policies (Continued)**

**Property, Plant and Equipment**

Group for use in the production or supply of goods and services, for rental to others (except for property, plant and equipment) or to be used for administrative purposes intended to be used over a period of physical items held within the framework of the cost model, the cost values are expressed.

The initial cost of property, plant and purchase price, including import duties and non-refundable purchase taxes, plant and equipment are comprised of expenses incurred to make the asset ready for use. After the start of use of tangible property, such as repair and maintenance expenditures are reported in the income statement as an expense as incurred. Expenditure on the future use of the property and equipment expenditures that have resulted in an increased economic value added to the cost of the asset.

Leasehold improvements include the expenses for leased properties and useful life of the lease agreement for the duration of the rental period is longer in cases, where the short is depreciated over their useful lives.

Depreciation of tangible fixed assets are separated from the date that is ready for use. Depreciation in the period in which the related assets will continue to idle.

The useful life and depreciation method are reviewed on a regular basis, depending on the method and period of depreciation on that asset's economic benefits are sought and the necessary corrective action in line with the provision (Note 13).

*Cost Method*

Tangible fixed assets are reported at cost less accumulated depreciation and accumulated impairment losses on the same basis.

Rental or administrative purposes, or for purposes not yet determined the course of construction assets are carried at cost less any recognized impairment loss. The cost of legal fees are also included. Such assets, the depreciation method used for other fixed assets, as well as when they are ready for use are depreciated.

Land and construction in progress, except for the cost of tangible fixed assets to their estimated useful lives are amortized using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year for the possible effects of changes in estimates if a change in estimate being accounted for on a prospective basis.

Disposal of tangible fixed assets of the asset, or a gain or loss arising on the difference between the sales proceeds and the carrying amount of the asset is included in the income statement is determined.

The useful lives of tangible fixed assets are as follows:

|                                | Economic Life |
|--------------------------------|---------------|
| Land Improvements              | 3-14 Year     |
| Buildings                      | 50 Year       |
| Plant, Machinery and Equipment | 3-14 Year     |
| Vehicles                       | 5 Year        |
| Fixtures                       | 3-14 Year     |
| Other Tangible Fixed Assets    | 5 Year        |
| Special Costs                  | 5 Year        |

**Intangible Assets**

*Purchase of intangible assets*

Purchased intangible assets are carried at cost less accumulated amortization and accumulated impairment losses. These assets are amortized over their estimated useful lives using the straight-line method. The estimated useful life and the depreciation method, in order to determine the possible effects of changes in estimates are reviewed each year and changes in estimates are accounted for prospectively.



**ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ  
AND ITS SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND  
FOR THE YEAR ENDED 31 DECEMBER 2023**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

---

**2. BASIC OF PRESENTATION FINANCIAL STATEMENTS (Continued)**

**2.3 Summary of Significant Accounting Policies (Continued)**

**Intangible Assests (Continued)**

*Computer Software*

Acquired computer software, buying during the acquisition and capitalized on the costs incurred until ready for use.

*Non-financial statements of intangible assets*

An intangible asset through use or sale of disposed of or when no future economic benefits are expected from the case of statement of financial position (balance sheet) is disabled. An intangible asset statement of financial position (balance sheet) disconnection of the profit or loss, if any, to the disposal of assets is calculated as the difference between the net book value of collections. This difference is related assets statement of financial position (balance sheet) is recognized in profit or loss when taken out.

The useful lives of intangible fixed assets are as follows:

|        |                          |
|--------|--------------------------|
| Rights | Useful Life<br>3-14 Year |
|--------|--------------------------|

**Impairment of Assets**

Assets that have an indefinite useful life are not subject to amortization of goodwill. These assets are tested for impairment annually. The carrying value of assets subject to amortization may not be recoverable in the event of a situation or events are reviewed for impairment. If the carrying amount exceeds the recoverable amount of the asset is recognized for the impairment. The recoverable amount is fair value less costs to sell or value in use is the one obtained. For purposes of assessing impairment, assets are grouped at the lowest level of identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting.

At the inception or reassessment of the arrangement, the Group allocates the payments and other items required for such an arrangement for lease transactions and other items based on relevant fair values. If the Group decides that it can not reliably receive payments for a finance lease transaction, an asset and a liability are recorded that are equal to the fair value of the contractual asset.

Later, the liability decreases as the payments are made and the financing expense related to the liability is recognized using the alternative borrowing rate of the Group.

If the sales and leaseback transaction result in a financial lease, the portion above the carrying amount of the sales revenue is not immediately recognized as income by the seller-leaseholder.

Instead, the income is postponed and amortized over the lease period and recorded in profit or loss.

**Borrowing Costs**

Require significant time to get ready for use or sale assets (qualifying assets) when it comes to the acquisition, construction or production of directly attributable costs of the asset until the asset is ready for use or sale, are added to the cost. In case of foreign exchange income in the financing activities, the related income is deducted from the total of capitalized financial expenses.

**Related Parties**

Related parties of the Group's shareholding, contractual rights, the opposite side of the family relationship or otherwise, directly or indirectly, control or significantly influence the team includes a. The accompanying consolidated financial statements of the Group companies are owned by shareholders and the shareholders of which are known to be associated with key management personnel and other companies are defined as related parties.

**ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ  
AND ITS SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND  
FOR THE YEAR ENDED 31 DECEMBER 2023**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

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**2. BASIC OF PRESENTATION FINANCIAL STATEMENTS (Continued)**

**2.3 Summary of Significant Accounting Policies (Continued)**

**Related Parties (Continued)**

Presence of one of the following criteria, are considered related party to the Group:

- i) Use directly, or indirectly through one or more intermediaries:
  - The Group controls, or is controlled by the Group
  - Is under common control with the Group (parent, subsidiaries and fellow subsidiaries, including the same);
  - Has an interest in the Group that gives it significant influence over, or has joint control over the Group;
- ii) The party is an associate of the Group;
- iii) The party is joint venture of the Group is venturer;
- iv) The party is a member of the key management personnel of the Group or its parent;
- v) The (i) or (iv) above, any individual is a close family member;
- vi) The entity that is controlled, jointly controlled or significantly influenced by, or (iv) or (v) directly or indirectly, any individual referred to in Articles important to have an entity that is entitled to vote or
- vii) The party is an entity that is a related party of the company or for the benefit of employees of the entity must have plans.

Related party transactions between related parties, resources, services or obligations, regardless of whether a price is charged transfer (Note 27).

**Investment Property**

Investment real estate is the property that is acquired in order to gain a lease and/or increase in value, and are measured primarily by cost values and the transaction costs included in it. Investment properties are valued by the fair value reflecting the market conditions as of the balance sheet date.

Investment properties are excluded from the balance sheet if they are to be sold or unusable and cannot be provided for any future economic benefit from the sale

**Foreign Currency Transactions**

The individual financial statements of each Group entity are measured using the currency of the primary economic environment (functional currency) are presented. Each entity's financial position and operating results of the Company's functional currency and the presentation currency for the consolidated financial statements are expressed in TRY.

During the preparation of the financial statements of the individual entities, in foreign currencies (currencies other than TRY) the transactions are recorded at the rates prevailing on the date. Balance sheet foreign currency denominated monetary assets and liabilities are translated into New Turkish Lira at the exchange rates prevailing at the dates. Non-monetary items carried at fair value that are denominated in foreign currencies at fair value are retranslated at the rates prevailing on the date specified. Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences, except to the extent specified below, are recognized in profit or loss in the period in which:

- Which relate to assets under construction for future productive use, and an adjustment to interest costs on foreign currency borrowings are regarded as foreign exchange differences are included in the cost of those assets,
- Foreign currency risks (see accounting policies are described below in order to hedge against) Exchange differences on transactions entered into in order to hedge.

**ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ  
AND ITS SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND  
FOR THE YEAR ENDED 31 DECEMBER 2023**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

---

**2. BASIC OF PRESENTATION FINANCIAL STATEMENTS (Continued)**

**2.3 Summary of Significant Accounting Policies (Continued)**

**Earnings Per Share**

Earnings per share Earnings/loss amount, profit/loss, earnings per share from continuing operations/loss amount, the continuing operations profit/loss for the period of time in the Company's shares is calculated by dividing the weighted average number of common shares.

In Turkey, companies, existing shareholders from retained earnings distributing ‘bonus shares’ by way of earnings. This type of ‘bonus share’ distributions, earnings per share, are regarded as issued shares. Accordingly, the weighted average number of shares used in the calculations, giving retroactive effect to the stock in question is taken into consideration. While calculating the earnings/losses per share, the effect of the paid capital increase during the reporting period has been considered.

The calculation of earnings per share, will make the necessary corrections to the dilution effect of potential shares of preferred stock, or None (Note 26).

**Events after the Balance Sheet Date**

Events after the balance sheet date, the approval date of the publication of the balance sheet date of the consolidated financial statements, the Company refers to events that occur in favor or against. Whether to make a correction, according to the two types of situations can be identified:

- Adjusting events after the balance sheet, showing evidence of conditions that existed at the reporting date on situations in which the conditions,
- About the events that are indicative of conditions that arose after the balance sheet date (non-adjusting events after the balance sheet).

The accompanying consolidated financial statements of the Group, has been recognized adjusting events after balance sheet date and non-adjusting events after the balance sheet notes. (Note 31).

**Provisions, Contingent Liabilities and Contingent Assets**

*Provisions*

There is a present legal or constructive obligation as a result of past events, and resources embodying economic benefits to settle the obligation and it is probable that they kept the company is expected to have a safe manner in the event of liability should be recognized in the consolidated financial statements. The provisions of the expenditure required to settle the obligation at the balance sheet date, with the most realistic estimates calculated by the Company's management and are discounted to present value where the effect is material.

*Contingent Liabilities*

Obligations under this group, within the control of the entity arising from past events, and the presence of one or more uncertain future events on the realization of the non-existence will be confirmed as the assessed liabilities Contingent liabilities are not included in the consolidated financial statements. Because, to settle the obligation, have the possibility of an outflow of resources embodying economic benefits or the amount of obligation can not be measured with sufficient reliability. Too far from the entity of resources embodying economic benefits likely to come out, unless the notes to the consolidated financial statements show that conditional obligations. (Note 15)

*Contingent Assets*

The Group within the control of the entity arising from past events, and the presence of one or more uncertain events, which will be confirmed by the realization of assets, is considered as a contingent asset. If an inflow of resources embodying economic benefits is not certain contingent assets described in the notes to the consolidated financial statements.

Or all of the economic benefits required to settle a provision are expected to be part of the cases, which shall be collected by third parties, it is virtually certain that reimbursement will be received and the amount of the event can be measured reliably, are recognized and reported as an asset.

**ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ  
AND ITS SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND  
FOR THE YEAR ENDED 31 DECEMBER 2023**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

---

**2. BASIC OF PRESENTATION FINANCIAL STATEMENTS (Continued)**

**2.3 Summary of Significant Accounting Policies (Continued)**

**Financial Information Segment Reporting**

Reportable segment information required to be disclosed is a business segment or geographical segment . Industrial segments of a particular commodity or service or group of related goods or services , or to provide benefits in terms of risk and different from other parts of the Group are the features section . Geographical segments provide products or services within a particular economic environment of the Group and the risks and benefits in terms of the economic environment to another with different characteristics from those of components operating in other chapters.

The Group mainly abroad and in Turkey, electrical and mechanical project contracting, ship electrical electronics and solar energy in the areas in which it operates financial information for the segmental reporting this that performs the operations of the companies restructured by the electrical and mechanical project contracting, ship electrical electronics and energy are reported under the headings of the ship.

Group management for the purposes geographically Turkey, Qatar, England, Netherlands, Bulgaria, Azerbaijan and the United Arab Emirates is divided into 6 sections including ( Note 3).

**Revenue**

***Step 1: Identifying the contract***

A contract exists only if it is legally enforceable, the collection of the consideration is probable, the rights to goods and services and payment terms can be identified, the contract has commercial substance; and the contract is approved and the parties are committed to their obligations, this contract is evaluated within the scope of TFRS 15.

If either contracts were negotiated as a single commercial package, or consideration in one contract depends on the other contract or goods or services (or some of the goods or services) are a single performance obligation the Company accounts the contracts as a single contract.

***Step 2: Identifying the performance obligations***

The Company defines ‘performance obligation’ as a unit of account for revenue recognition. The Company assesses the goods or services promised in a contract with a customer and identifies as:

- (a) A performance obligation either a good or service that is distinct:
- (b) Or a series of distinct goods or services that are substantially the same and have the same pattern of transfer to the customer.

The company can define a good or service included in the contract separately from other commitments in the contract and if it enables the customer to benefit from the said good or service alone or together with other resources available to use, it defines it as a different good or service. A contract may contain promises to deliver a series of distinct goods or services that are substantially the same. At contract inception, an entity determines whether the series of goods or services is a single performance obligation.

***Step 3: Determining the transaction price***

In order to determine the transaction price, the Company assesses how much consideration it expects to be entitled to by fulfilling the contract. In arriving at the assessment, the Company considers variable elements of consideration, as well as the existence of a significant financing component.

**ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ  
AND ITS SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND  
FOR THE YEAR ENDED 31 DECEMBER 2023**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

---

**2. BASIC OF PRESENTATION FINANCIAL STATEMENTS (Continued)**

**2.3 Summary of Significant Accounting Policies (Continued)**

**Significant financing component**

The Company revises the promised amount of consideration for the effect of a significant financing component to the amount that reflects what the cash selling price of the promised good or service. As a practical expedient, the Company does not adjust the transaction price for the effects of a significant financing component if, at contract inception, the entity expects the period between customer payment and the transfer of goods or services to be one year or less. In cases where advance for the services are received and the payment scheme is broadly aligned with the Company’s performance throughout the period, the Company concludes that the period between performance 12 months, therefore the expedient is applied.

**Variable consideration**

The Company identifies items such as price concessions, incentives, performance bonuses, completion bonuses, price adjustment clauses, penalties, discounts, credits, or similar items may result in variable consideration if there is any in a customer contract.

***Step 4: Allocating the transaction price to performance obligations***

If distinct goods or services are delivered under a single arrangement, then the consideration is allocated based on relative stand-alone selling prices of the distinct goods or services (performance obligations). If directly observable stand-alone selling prices are not available, the total consideration in the service contracts is allocated based on their expected cost plus a margin.

***Step 5: Recognition of revenue***

The Company recognizes revenue over-time if any of the following conditions is met:

- Customer simultaneously receives and consumes the benefits as the entity performs or,
- The customer controls the asset as the entity creates or enhances it or
- Company’s performance does not create an asset for which the entity has an use; and alternative there is a right to payment for performance to date.

For each performance obligation that is satisfied over time, an entity selects a single measure of progress, which depicts the transfer of control of the goods or services to the customer. The Company uses a method that measures the work performed reliably. The Company uses cost incurred to measure the progress towards to completion of the project where the input method is used and uses units transferred to measure the progress towards to completion of the project where the output method is used.

If a performance obligation is not satisfied over time, then the Company recognize revenue at the point in time at which it transfers control of the good or service to the customer.

The Company recognizes a provision in accordance with TAS 37 “Provisions, Contingent Liabilities and Contingent Assets” when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits.

**Contract modifications**

If the company makes a commitment to provide additional goods or services, it accepts the contract modification as a separate contract. If the goods or services are distinct, then the entity accounts for the modification as if it were a termination of the existing contract and the creation of a new contract. If the modification to the contract does not add distinct goods or services, then the entity accounts for it on a combined basis with the original contract, as if the additional goods or services were part of the initial contract.

Revenue is measured over the fair value of the amount of receivables collected or to be received. Estimated customer returns, discounts and provisions are deducted from this amount.

**ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ  
AND ITS SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND  
FOR THE YEAR ENDED 31 DECEMBER 2023**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

---

**2. BASIC OF PRESENTATION FINANCIAL STATEMENTS (Continued)**

**2.3 Summary of Significant Accounting Policies (Continued)**

**Contract modifications (Continued)**

*Business Operations*

The revenue obtained from the sale of commercial activities is accounted for when the following conditions are fulfilled:

- Transferring the significant risks and rewards to the buyer,
- Associated with the ownership of the Group and ongoing managerial involvement nor effective control over the goods sold,
- The amount of revenue can be measured reliably,
- It is probable that the economic benefits associated with the transaction will flow to the entity and

Reliable measurement of the costs arising from or due to the process.

*Service Presentation*

Income from service delivery agreement books accordingly with degree of completion stated on agreement.

*Rent Incomes*

Rent income from real estates is recognized on a straight-line basis over the term of the relevant lease.

*Dividend and interest income*

Dividend income from equity investments are recorded when the Group gain the right to receive dividend (the economic benefits will flow to the Group and the revenue can be measured reliably, as long as)

The interest income from financial assets, economic benefits will flow to the Group and the revenue can be measured reliably are recognized as long. Interest income, with the remaining balance to be achieved through the expected life of the financial asset to that asset's net carrying amount that discounts estimated future cash receipts and at the effective interest rate.

**Taxes calculated over corporate earnings**

Because of Turkish tax legislation does not allow the parent company and its affiliates to prepare a consolidated tax declaration, the tax equivalents are calculated separately on the basis of each legal entity as reflected in the attached consolidated financial statements.

The current tax charge includes the current year's tax and deferred tax. The tax expense of the period is recorded in profit or loss, except for those relating to the business mergers or items taken directly from the records under other comprehensive revenue or equity.

Tax

The current tax liability is calculated through the taxable portion of the term profit. Taxable profits differ from profits in income statement table due to excluding items that are not possible to be taxes or taxes deductible. Current tax liability of group is legalized as of balance sheet date or calculated by using substantially significant tax rates.

Deferred tax

Deferred tax liabilities or assets are determined by calculating the temporary differences between the amounts recognized in the financial statements of assets and liabilities and the amounts considered in the statutory tax base, taking the tax effects into consideration at the statutory tax rates.

Deferred tax liabilities are recognized for all taxable temporary differences, whereas deferred tax assets consisting of unused tax losses and deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized It is calculated.

# ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in Turkish Lira ("TRY") unless otherwise indicated.)

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### 2. BASIC OF PRESENTATION FINANCIAL STATEMENTS (Continued)

#### 2.3 Summary of Significant Accounting Policies (Continued)

##### Taxes calculated over corporate earnings (Continued)

###### *Deferred tax (Continued)*

Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition of the goodwill or other asset or liability in the financial statements (other than in a business combination) that is not effected by business or financial profit or loss.

Deferred tax liabilities are recognized for all taxable temporary differences associated with investments in subsidiaries and associates and joint ventures, except where the Group is able to control the reversal of temporary differences and the probability of such reversal in the foreseeable future is low. deferred tax assets arising from related taxable temporary differences are calculated on the assumption that it is highly probable that the differences will be utilized in the near future with sufficient profits subject to taxation and it is probable that the related differences will be recovered in the future.

Deferred income tax assets and liabilities are calculated over the tax rates (tax regulations) that are expected to be effective in the period in which the assets are realized or liabilities are realized and legalized or substantively legalized as of the balance sheet date. During the calculation of deferred tax assets and liabilities, the tax consequences of the Group's anticipated recovery of its carrying amount or the fulfillment of its obligations as of the balance sheet date are taken into account.

Deferred income tax assets and liabilities are recognized when the Group has a legally enforceable right to set off current tax assets or liabilities based on current tax assets or when the Group has a willingness to pay taxes by offsetting the Group's current tax assets and liabilities is deducted.

Deferred tax assets and liabilities are offset against each other if the same country is subject to tax legislation and there is a legally enforceable right to offset current tax assets against current tax liabilities

###### *Taxation of foreign branches and projects:*

The Company's ongoing construction projects in the United Arab Emirates and Qatar are exempt from corporate tax. The Company's branch in Russia is subject to 20% income tax.

##### Employee Benefits and Severance Payments

Severance pay according to the current laws and collective bargaining agreements in Turkey, is paid in case of retirement or dismissal. In accordance with the updated TAS 19 Employee Benefits Standard ("TAS 19"), such payments are considered as defined retirement benefit plans. The retirement pay liability recognized in the statement of financial position is calculated according to the net present value of the estimated future salary of all employees due to their retirement and reflected in the financial statements. All actuarial gains and losses are accounted for under other comprehensive income. There are no liabilities related to subsidiaries and joint activities operating in foreign countries. (Note 16).

##### Cash Flow Statement

The Group prepares cash flow statements to inform the users of the financial statements about the ability to direct the amount and timing of changes in net assets, financial structure and cash flows according to changing conditions. In the cash flow table, the cash flows related to the turnover are reported by being classified as operating, investing and financing activities.

Cash flows from operating activities, cash flows from operating activities of the Company. From investing activities Cash flows from investing activities (fixed asset investments and financial investments) and the cash flows. Cash flows related to Cash flows from operating activities represent cash flows arising from the Group's core operations. Cash flows from investing activities represent the cash flows the Group uses in its investment activities (fixed assets investments and financial investments). Cash flows from financing activities represent the resources the Group uses in its financial activities and the repayments of those resources. Cash and cash equivalents include investments in cash and demand deposits with short-term, high liquidity with a short maturity of 3 months or less.

**ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ  
AND ITS SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND  
FOR THE YEAR ENDED 31 DECEMBER 2023**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

---

**2. BASIC OF PRESENTATION FINANCIAL STATEMENTS (Continued)**

**2.3 Summary of Significant Accounting Policies (Continued)**

**Shares and dividends**

Ordinary shares, are classified as equity. Dividends payable are declared as an element of profit in the period are reflected as liabilities in the financial statements.

**2.4. Significant Accounting Valuation, Estimates and Assumptions**

In the preparation of financial statements in the Consolidated Financial Statements, the Group management is required to make assumptions and estimates that will affect the reported amounts of assets and liabilities, the probable liabilities and commitments that arise as of the reporting date and the amounts of income and expenses in the reporting period. Although these estimates and assumptions are based on the Group management's best knowledge of current events and transactions, they may differ from actual results. Estimates are regularly reviewed, necessary corrections are made and they are reflected in the period income table.

The interpretations that may have significant effect on the amounts reflected in the financial statements and the assumptions made by taking into account the actual sources of the existing or future estimates are as follows:

- a) Where it becomes probable that the contractual amendments will be approved by the employer, the Group will reflect such contractual changes in the financial statements according to the completion rate of the construction projects. Estimates of the collectibility of contractual changes are made by taking into account the past experience of the Group's management, the relevant contractual provisions and the related legal regulations.
- b) The Group calculates the 'project costs remaining in construction contracts' through in-house forecasting mechanisms. Factors such as raw material prices, labor and other costs increases are included in these projections, which are based on best estimate as of the balance sheet date. For unexpected increases that may occur in subsequent periods, the remaining costs of the construction contracts need to be reassessed. Changes in the scope of construction projects and changes in scope project incomes and estimates of the total project costs resulting from the realizations can be significant fluctuations between years.
- c) The Group is subject to different tax legislation and laws as it operates in various countries. There are uncertainties about the final tax implications of some transactions and calculations affecting income tax due to the general system in those countries. In those countries, the tax account is generally 1-5 years. Therefore the group must use significant estimates when calculating tax equivalents. When the final tax results are released, the realized amounts may differ from those predicted, and the income tax for the records as of the balance sheet. Deferred tax asset is recorded in the event of determining that taxable revenue is likely to occur in the coming years. Deferred tax asset is calculated through the downloadable temporary differences in cases where taxable revenue is likely to occur. For the interim period, which ended on 31 December 2022, the group has registered deferred tax assets because it finds adequate indicators that the foreseeable future is a taxable wife.
- d) Severance pay liability for actuarial assumptions (discount rates, future salary increases and employee separation rates).
- e) The claims receivable reflects the amounts that the administration believes will meet future damages from receivables, which are present as of the balance sheet date but are at risk of not being charged under current economic conditions. The performance of borrowers who remain outside the associated organization while evaluating the receivables ' impairment in the past company based on the credibility of the market and the date of the financial statements from the balance sheet and re-negotiated conditions are also taken into consideration.
- f) When calculating inventory impairment, data for inventory after discount list prices is used. For non-measurable stocks, the sales price is evaluated by the opinions of the goods in stock and the physical status of the technical staff. In cases where the projected net can be accomplished, the value of the inventory is divided by the low cost.



# ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2023

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

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### 2. BASIC OF PRESENTATION FINANCIAL STATEMENTS (Continued)

#### 2.4 Significant Accounting Valuation, Estimates and Assumptions (Continued)

- g) The possibility of loss of cases and the obligations to be lost in the case of the case in response to litigation, the company's legal advisors and expert opinions are obtained by the company's management evaluated by the Based on the best estimates, company management determines the amount of the litigation response.
- h) The Group management has made significant assumptions in the direction of the technical team's experience in determining the beneficial economic lifetimes of tangible and intangible assets
- i) An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. Provisions for onerous contracts are recognised in cost of sales.

#### 2.5. Changes and Errors in the Accounting Policies and Estimates

Preparation of consolidated financial statements requires the use of estimates and assumptions that may affect the amounts of assets and liabilities reported as of the reporting date, the disclosure of contingent assets and liabilities, and the amounts of income and expenses reported during the accounting period. Although these estimates and assumptions are based on the best available information regarding current events and transactions, actual results may differ from the assumptions.

If the changes in the accounting estimates are for only one period, they are applied both in the current period when the change is made and both in the future when the change is made and in the future. The significant accounting estimates used in the current period are consistent with the accounting estimates used in the preparation of the consolidated financial statements for the period ended 31 December 2022.

#### 2.6. Business Combination

The Group recognises for business combinations using the purchase method when control is transferred to the Group. In a business combination, the amount transferred is measured at its fair value; The transferred price is calculated as the sum of the fair values of the assets transferred by the acquirer, the debts undertaken against the previous owners of the acquired business and the equity shares issued by the acquirer. Purchase-related costs are generally accounted as expense when they occur.

The consolidated financial statements of the Group are prepared comparatively with the previous period in order to allow the determination of financial status and performance trends. Comparative information is reclassified, where necessary, in order to comply with the presentation of the current financial statements, and significant differences are disclosed.

#### 2.7. Inflation Accounting

The Group has prepared its financial statements for the year dated 31 December 2023 and ending on the same date, by applying TAS 29 "Financial Reporting in High Inflation Economies" Standard, based on the announcement made by The Public Oversight Authority (POA) on 23 November 2023 and the "Implementation Guide on Financial Reporting in High Inflation Economies" published. In accordance with the said standard, financial statements prepared based on the currency of a hyperinflationary economy are prepared in the purchasing power of this currency at the balance sheet date, and comparative information is expressed in terms of the current measurement unit at the end of the reporting period for the purpose of comparison of previous period financial statements. For this reason, the Group has presented its financial statements dated 31 December 2022 on the basis of purchasing power as of 31 December 2023.

### 3. SEGMENT REPORTING

The Group has determined operating segments based on internal reports regularly audited by the competent authority to take decisions on its activities. The authority of the Group to make decisions is the General Manager and the Board of Directors.

The Group's competent authority to review the results and activities on a product-by-product basis and geographical distribution basis in order to make decisions about the resources allocated to the divisions and to evaluate the performance of the divisions. The distribution on the basis of group product groups is as follows: Electrical and mechanical project commitment, land and buildings, telecommunications, ship electrical electronics. Revenue of the Group's reportable operating segments comes largely from project commitment. Information on business segments based on the internal reporting of the Group is as follows:

**ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ  
AND ITS SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND  
FOR THE YEAR ENDED 31 DECEMBER 2023**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

**3. SEGMENT REPORTING (Continued)**

| <b>31.12.2023</b>  | <b>Project<br/>Commitment</b> | <b>Rent Income</b>   | <b>Telecommunication</b> | <b>Marine<br/>Electrical and<br/>Electronics</b> | <b>Consolidation<br/>Adjustments</b> | <b>Total</b>         |
|--|-------------------------------|----------------------|--------------------------|--|--------------------------------------|----------------------|
| Net Revenue Non-Group  | 1,751,134,186                 | 61,582,675           | -                        | 298,208,431                                      | -                                    | 2,110,925,292        |
| Intra Group Revenue  | -                             | -                    | -                        | -  | (1,328,550)                          | (1,328,550)          |
| <b>Total Net Revenue</b>   | <b>1,751,134,186</b>          | <b>61,582,675</b>    | <b>-</b>                 | <b>298,208,431</b>                               | <b>(1,328,550)</b>                   | <b>2,109,596,742</b> |
| Cost of Sales (-)  | (1,657,991,456)               | (10,965,934)         | -                        | (216,697,278)                                    | 167,047                              | (1,885,487,621)      |
| <b>Gross Profit / Loss</b>   | <b>93,142,730</b>             | <b>50,616,741</b>    | <b>-</b>                 | <b>81,511,153</b>                                | <b>(1,161,503)</b>                   | <b>224,109,121</b>   |
| General and Administrative Expenses (-)                            | (117,493,050)                 | (5,648,189)          | (964,082)                | (9,748,756)                                      | 1,472,360                            | (132,381,717)        |
| Other Operating Income   | 681,213,671                   | 2,227,680            | 1,232,541                | 60,404,052                                       | (421,831)                            | 744,656,113          |
| Other Operating Expenses   | (763,074,577)                 | (3,634,868)          | (2,079,048)              | (23,058,499)                                     | -                                    | (791,846,992)        |
| <b>Operating Profit</b>  | <b>(106,211,226)</b>          | <b>43,561,364</b>    | <b>(1,810,589)</b>       | <b>109,107,950</b>                               | <b>(110,974)</b>                     | <b>44,536,525</b>    |
| Income from Investment Operations                                  | 232,330                       | 204,429              | 29,851                   | 246,167  | -                                    | 712,778              |
| Expense from Investment Operations (-)                             | -                             | (13,438,119)         | (31,417)                 | -  | -                                    | (13,469,536)         |
| <b>Operating Profit / (Loss) before Finance Income and Expense</b> | <b>(105,978,896)</b>          | <b>30,327,674</b>    | <b>(1,812,155)</b>       | <b>109,354,117</b>                               | <b>(110,974)</b>                     | <b>31,779,767</b>    |
| Financing Income   | 13,019,333                    | 1,011,358            | 25,334                   | 9,826,694  | (3,271,686)                          | 20,611,033           |
| Financing Expenses (-)   | (160,542,171)                 | (198,022,650)        | (2,294,347)              | (794,119)  | 3,271,686                            | (358,381,601)        |
| Monetary Gain/Loss   | 334,308,681                   | (61,086,617)         | 9,333,959                | (38,697,653)                                     | 338,630,346                          | 582,488,716          |
| <b>Operating Profit/(Loss) Before Tax</b>                          | <b>80,806,947</b>             | <b>(227,770,235)</b> | <b>5,252,791</b>         | <b>79,689,039</b>                                | <b>338,519,372</b>                   | <b>276,497,915</b>   |
| <b>Operating Tax Income/(Loss)</b>                                 |                               |                      |                          |  |                                      |                      |
| -Period Tax Income/(Loss)  | -                             | -                    | -                        | (18,084,560)                                     | -                                    | (18,084,560)         |
| -Deferred Tax Income/(Expense)                                     | 1,404,483                     | 213,930,628          | -                        | 4,318,010  | (244,529,617)                        | (24,876,496)         |
| <b>Profit/(Loss)</b>   | <b>82,211,430</b>             | <b>(13,839,607)</b>  | <b>5,252,791</b>         | <b>65,922,489</b>                                | <b>93,989,755</b>                    | <b>233,536,859</b>   |
| <b>Investment Expenses</b>   |                               |                      |                          |  |                                      |                      |
| Property, Plant and Equipment                                      | 219,589                       | 105,824              | -                        | -  | -                                    | 325,413              |
| Depreciation Expenses  | (8,413,531)                   | (688,187)            | -                        | (16,135)   | -                                    | (9,117,853)          |
| <b>Other Information</b>   |                               |                      |                          |  |                                      |                      |
| - Total Assets   | 11,514,408,200                | 1,854,131,746        | 579,717,097              | 331,494,884                                      | (5,246,793,584)                      | 9,032,958,343        |
| - Total Liabilities  | 8,590,821,880                 | 422,738,580          | 19,198,221               | 194,309,022                                      | (2,342,001,703)                      | 6,885,066,000        |

**ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ  
AND ITS SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND  
FOR THE YEAR ENDED 31 DECEMBER 2023**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

**3. SEGMENT REPORTING (Continued)**

| <b>31.12.2022</b>  | <b>Project<br/>Commitment</b> | <b>Rent Income</b>   | <b>Telecommunication</b> | <b>Marine<br/>Electrical and<br/>Electronics</b> | <b>Consolidation<br/>Adjustments</b> | <b>Total</b>         |
|--|-------------------------------|----------------------|--------------------------|--|--------------------------------------|----------------------|
| Net Revenue Non-Group  | 4,016,799,068                 | 50,762,952           | -                        | 229,362,614                                      | -                                    | 4,296,924,634        |
| Intra Group Revenue  | -                             | -                    | -                        | -  | (2,191,577)                          | (2,191,577)          |
| <b>Total Net Revenue</b>   | <b>4,016,799,068</b>          | <b>50,762,952</b>    | <b>-</b>                 | <b>229,362,614</b>                               | <b>(2,191,577)</b>                   | <b>4,294,733,057</b> |
| Cost of Sales (-)  | (4,399,573,581)               | (9,250,936)          | -                        | (182,312,319)                                    | -                                    | (4,591,136,836)      |
| <b>Gross Profit / Loss</b>   | <b>(382,774,513)</b>          | <b>41,512,016</b>    | <b>-</b>                 | <b>47,050,295</b>                                | <b>(2,191,577)</b>                   | <b>(296,403,779)</b> |
| General and Administrative Expenses (-)                            | (118,170,755)                 | (9,753,342)          | (1,103,430)              | (5,307,848)                                      | 3,801,670                            | (130,533,705)        |
| Other Operating Income   | 722,016,046                   | 3,215,755            | 887,489                  | 61,652,250                                       | (2,571,418)                          | 785,200,122          |
| Other Operating Expenses   | (781,815,971)                 | (2,393,375)          | (7,191,395)              | (58,613,723)                                     | -                                    | (850,014,464)        |
| <b>Operating Profit</b>  | <b>(560,745,193)</b>          | <b>32,581,054</b>    | <b>(7,407,336)</b>       | <b>44,780,974</b>                                | <b>(961,325)</b>                     | <b>(491,751,826)</b> |
| Income from Investment Operations                                  | 161,576                       | 814,336,916          | 31,201                   | 12,892   | (161,004)                            | 814,381,581          |
| Expense from Investment Operations (-)                             | (8,235)                       | -                    | -                        | -  | (38,497)                             | (46,732)             |
| <b>Operating Profit / (Loss) before Finance Income and Expense</b> | <b>(560,591,852)</b>          | <b>846,917,971</b>   | <b>(7,376,135)</b>       | <b>44,793,866</b>                                | <b>(1,160,826)</b>                   | <b>322,583,024</b>   |
| Financing Income   | 9,363,370                     | 21,201,542           | 48,354                   | 28,571,537                                       | (11,266,285)                         | 47,918,518           |
| Financing Expenses (-)   | (248,384,134)                 | (142,178,816)        | (3,972,574)              | (1,555,911)                                      | 11,266,285                           | (384,825,150)        |
| Monetary Gain/Loss   | 582,638,982                   | 774,246,905          | 18,179,762               | 30,420,928                                       | (1,241,871,305)                      | 163,615,272          |
| <b>Operating Profit/(Loss) Before Tax</b>                          | <b>(216,973,634)</b>          | <b>1,500,187,601</b> | <b>6,879,407</b>         | <b>102,230,420</b>                               | <b>(1,243,032,131)</b>               | <b>149,291,664</b>   |
| <b>Operating Tax Income/(Loss)</b>                                 |                               |                      |                          |  |                                      |                      |
| -Period Tax Income/(Loss)  | -                             | -                    | -                        | (4,386,877)                                      | -                                    | (4,386,877)          |
| -Deferred Tax Income/(Expense)                                     | 16,001,074                    | (160,128,054)        | -                        | (9,955,183)                                      | 247,395,872                          | 93,313,709           |
| <b>Profit/(Loss)</b>   | <b>(200,972,560)</b>          | <b>1,340,059,547</b> | <b>6,879,407</b>         | <b>87,888,360</b>                                | <b>(995,636,259)</b>                 | <b>238,218,496</b>   |
| <b>Investment Expenses</b>   |                               |                      |                          |  |                                      |                      |
| Property, Plant and Equipment                                      | 1,942,185                     | 69,407               | -                        | -  | -                                    | 2,011,592            |
| Intangible Fixed Assets  | -                             | -                    | 1,180                    | -  | -                                    | 1,180                |
| Depreciation Expenses  | (11,425,841)                  | (1,065,583)          | -                        | (89,505)   | -                                    | (12,580,929)         |
| <b>Other Information</b>   |                               |                      |                          |  |                                      |                      |
| - Total Assets   | 11,707,675,468                | 1,806,265,684        | 578,704,757              | 192,938,770                                      | (5,244,635,557)                      | 9,040,949,122        |
| - Total Liabilities  | 8,795,148,477                 | 724,220,281          | 23,438,982               | 130,942,801                                      | (2,652,020,249)                      | 7,021,730,292        |

**ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ  
AND ITS SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND  
FOR THE YEAR ENDED 31 DECEMBER 2023**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

**3. SEGMENT REPORTING (Continued)**

**Geographical Segments**

| <b><u>01.01.- 31.12.2023</u></b>                | <b><u>Turkey</u></b> | <b><u>Qatar</u></b> | <b><u>England</u></b> | <b><u>Netherland</u></b> | <b><u>Azerbaijan</u></b> | <b><u>United Arab<br/>Emirates</u></b> | <b><u>Elimination</u></b>              | <b><u>Total</u></b>       |                     |
|---|----------------------|---------------------|-----------------------|--------------------------|--------------------------|--|--|---------------------------|---------------------|
| Revenue   | 784,474,307          | 1,086,676,842       | -                     | -                        | -                        | 239,774,142                            | (1,328,549)                            | 2,109,596,742             |                     |
| Due from Customers Under Construction Contracts | 1,640,723,440        | 615,414,344         | -                     | 14,750,658               | -                        | 2,283,281,341                          | -                                      | 4,554,169,783             |                     |
| Assets according to Segment                     | 7,255,610,265        | 4,068,715,534       | 1,266,618             | 38,684,416               | 10,720,981               | 2,904,754,121                          | (5,246,793,592)                        | 9,032,958,343             |                     |
| Investment Expenses                             | 105,824              | 198,564             | -                     | -                        | -                        | 21,025                                 | -                                      | 325,413                   |                     |
| <b><u>01.01.- 31.12.2022</u></b>                | <b><u>Turkey</u></b> | <b><u>Qatar</u></b> | <b><u>England</u></b> | <b><u>Netherland</u></b> | <b><u>Russia</u></b>     | <b><u>Azerbaijan</u></b>               | <b><u>United Arab<br/>Emirates</u></b> | <b><u>Elimination</u></b> | <b><u>Total</u></b> |
| Revenue   | 754,791,157          | 3,190,064,109       | 875,104               | 2,059,679                | -                        | 1,992,521                              | 347,142,064                            | (2,191,577)               | 4,294,733,057       |
| Due from Customers Under Construction Contracts | 939,664,901          | 664,769,737         | -                     | 9,369,195                | -                        | -                                      | 2,389,730,971                          | -                         | 4,003,534,804       |
| Assets according to Segment                     | 6,564,663,927        | 4,552,982,601       | 4,922,942             | 26,292,278               | -                        | 28,691,771                             | 3,109,106,024                          | (5,245,710,421)           | 9,040,949,122       |
| Investment Expenses                             | 215,286              | 2,790,594           | -                     | -                        | -                        | -                                      | 157,283                                | -                         | 3,163,163           |

**ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ  
AND ITS SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND  
FOR THE YEAR ENDED 31 DECEMBER 2023**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

**3. SEGMENT REPORTING (Continued)**

Information on the revenue shares of the customers according to the operating segments of the Group’s revenue between 1 January - 31 December 2023 and 1 January - 31 December 2022 are as follows.

| <u>Operating Segment</u> | <u>Activity</u>    | <u>Amount in Gross Revenue</u> | <u>01.01. - 31.12.2023<br/>Share in Gross Revenue</u> |
|--------------------------|--------------------|--------------------------------|---|
| Project Commitment       | Project Commitment | 24,205,264                     | 1%  |
| Project Commitment       | Project Commitment | 760,812,967                    | 43%   |
| Project Commitment       | Project Commitment | 13,873,823                     | 1%  |
| Project Commitment       | Project Commitment | 7,292,674                      | 0%  |
| Project Commitment       | Project Commitment | 102,208,338                    | 6%  |
| Project Commitment       | Project Commitment | 180,315,444                    | 10%   |

| <u>Operating Segment</u>          | <u>Activity</u> | <u>Amount in Gross Revenue</u> | <u>01.01. - 31.12.2023<br/>Share in Gross Revenue</u> |
|-----------------------------------|-----------------|--------------------------------|---|
| Marine Electrical and Electronics | Service Sales   | 31,618,079                     | 11%   |
| Marine Electrical and Electronics | Service Sales   | 54,818,642                     | 18%   |
| Marine Electrical and Electronics | Service Sales   | 54,444,515                     | 18%   |

| <u>Operating Segment</u> | <u>Activity</u>    | <u>Amount in Gross Revenue</u> | <u>Share in Gross Revenue</u> |
|--------------------------|--------------------|--------------------------------|-------------------------------|
| Project Commitment       | Project Commitment | 119,971,788                    | 3%                            |
| Project Commitment       | Project Commitment | 1,761,544,788                  | 44%                           |
| Project Commitment       | Project Commitment | 32,371,932                     | 1%                            |
| Project Commitment       | Project Commitment | 57,968,937                     | 1%                            |
| Project Commitment       | Project Commitment | 161,239,653                    | 4%                            |
| Project Commitment       | Project Commitment | 186,006,758                    | 5%                            |

| <u>Operating Segment</u>          | <u>Activity</u> | <u>Amount in Gross Revenue</u> | <u>01.01. - 31.12.2021<br/>Share in Gross Revenue</u> |
|-----------------------------------|-----------------|--------------------------------|---|
| Marine Electrical and Electronics | Service Sales   | 16,026,208                     | 7%  |
| Marine Electrical and Electronics | Service Sales   | 33,673,001                     | 15%   |
| Marine Electrical and Electronics | Service Sales   | 21,277,880                     | 9%  |

**4. CASH AND CASH EQUIVALENTS**

|  | <u>31.12.2023</u> | <u>31.12.2022</u>  |
|--|-------------------|--------------------|
| Cash                                       | 2,167,566         | 265,798            |
| Banks                                      | 32,456,975        | 206,287,917        |
| - Demand Deposits                          | 32,456,975        | 206,287,917        |
| - Time Deposit Maturity less than 3 Months | -                 | -                  |
| Other Cash and Cash Equivalents            | 59                | 440,641            |
| <b>Total</b>                               | <b>34,624,600</b> | <b>206,994,356</b> |

The Group has no time deposits as of the reporting period.

There is a blockage amounting to TRY4,556,027, USD9,320, EUR24,746, on cash and cash equivalents as of the reporting date (31 December 2022: TRY95,900,210).

**ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ  
AND ITS SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND  
FOR THE YEAR ENDED 31 DECEMBER 2023**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

**5. FINANCIAL INVESTMENTS**

|   |                   |                   |
|---|-------------------|-------------------|
| <b>Short Term Financial Investment</b>                              | <b>31.12.2023</b> | <b>31.12.2022</b> |
| Fair value gains of financial assets recognised in income statement | 30,012            | 49,857            |
| <b>Total</b>  | <b>30,012</b>     | <b>49,857</b>     |

|  |                   |                   |
|--|-------------------|-------------------|
| <b>Financial investments whose fair value differences are reflected to profit / loss</b> | <b>31.12.2023</b> | <b>31.12.2022</b> |
| <b>Shares</b>  |                   |                   |
| Shares traded on the stock exchange (*)  | 30,012            | 49,857            |
| <b>Total</b>   | <b>30,012</b>     | <b>49,857</b>     |

(\*) The shares traded on the stock exchange have fair value gain amounting to TRY389 in the current period (31 December 2022: TRY18,394 fair value gain).

**6. FINANCIAL BORROWINGS**

|              |                      |                      |
|--------------|----------------------|----------------------|
|              | <b>31.12.2023</b>    | <b>31.12.2022</b>    |
| Bank Loans   | 1,568,044,087        | 1,669,671,505        |
| <b>Total</b> | <b>1,568,044,087</b> | <b>1,669,671,505</b> |

a) Bank Loans

|                 |   |                    |  |                    |                      |
|-----------------|---|--------------------|--|--------------------|----------------------|
|                 |   | <b>31.12.2023</b>  |  |                    |                      |
| <b>Currency</b> | <b>Weighted Average Interest Rate (%)</b> | <b>Short Term</b>  | <b>Short-Term Portion of Long Term Loans</b> | <b>Long Term</b>   | <b>Total</b>         |
| TL              | 16.00                                     | -                  | 85,895,472                                   | 454,843,061        | 540,738,533          |
| USD             | 4.00                                      | -                  | 6,959,947                                    | 120,815,729        | 127,775,676          |
| Avro            | 4.00                                      | -                  | 25,747,320                                   | 320,491,462        | 346,238,782          |
| Qar             | 8.00                                      | 528,765,416        | -  | -                  | 528,765,416          |
| Aed             | 4.00                                      | -                  | 1,477,092                                    | 23,048,588         | 24,525,680           |
| <b>Total</b>    |   | <b>528,765,416</b> | <b>120,079,831</b>                           | <b>919,198,840</b> | <b>1,568,044,087</b> |

|                 |   |                      |  |                    |                      |
|-----------------|---|----------------------|--|--------------------|----------------------|
|                 |   | <b>31.12.2022</b>    |  |                    |                      |
| <b>Currency</b> | <b>Weighted Average Interest Rate (%)</b> | <b>Short Term</b>    | <b>Short-Term Portion of Long Term Loans</b> | <b>Long Term</b>   | <b>Total</b>         |
| TL              | 18.00-40.00                               | 818,279,890          | -  | -                  | 818,279,890          |
| Avro            | 4.20                                      | -                    | 242,424,134                                  | 102,010,057        | 344,434,191          |
| Qar             | 7.75                                      | 506,957,424          | -  | -                  | 506,957,424          |
| <b>Total</b>    |   | <b>1,325,237,314</b> | <b>242,424,134</b>                           | <b>102,010,057</b> | <b>1,669,671,505</b> |

|                            |                      |                      |
|----------------------------|----------------------|----------------------|
|                            | <b>31.12.2023</b>    | <b>31.12.2022</b>    |
| Payable within one year    | 648,845,247          | 1,567,661,448        |
| Payable within 2 - 3 years | 363,744,022          | 102,010,057          |
| Payable within 3 - 4 years | 209,019,121          | -                    |
| Payable within 4 - 5 years | 226,035,818          | -                    |
| Payable more than 5 years  | 120,399,879          | -                    |
| <b>Total</b>               | <b>1,568,044,087</b> | <b>1,669,671,505</b> |

Movement of the Group regarding loans is as follows:

|                                    |                      |                      |
|------------------------------------|----------------------|----------------------|
|                                    | <b>31.12.2023</b>    | <b>31.12.2022</b>    |
| <b>1 January Opening Balance</b>   | <b>1,669,671,505</b> | <b>1,776,206,348</b> |
| Proceeds from borrowing            | 231,376,573          | 3,062,192,635        |
| Repayment of borrowings            | (185,166,564)        | (2,241,608,982)      |
| Interest accrual                   | 184,586,983          | 324,108,413          |
| Foreign exchange rate differences  | 148,135,679          | 79,318,910           |
| Inflation effect                   | (657,279,301)        | (1,442,368,844)      |
| Currency translation adjustment    | 176,719,212          | 111,823,026          |
| <b>31 December Closing Balance</b> | <b>1,568,044,087</b> | <b>1,669,671,505</b> |

**ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ  
AND ITS SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND  
FOR THE YEAR ENDED 31 DECEMBER 2023**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

**7. TRADE RECEIVABLES AND PAYABLES**

**a) Trade Receivables:**

The Group’s trade receivables as at balance sheet date are as follows:

| <b><u>Short Term Trade Receivables</u></b> | <b><u>31.12.2023</u></b> | <b><u>31.12.2022</u></b> |
|--|--------------------------|--------------------------|
| Customers                                  | 551,990,999              | 573,683,846              |
| Notes Receivables and Postdated Checks     | 3,432,524                | 4,865,955                |
| Less: Unrealized Finance Income            | (4,077,345)              | (2,497,961)              |
| Doubtful Trade Receivables                 | 2,340,182                | 2,536,822                |
| Less: Dobtful Receivables Provisions       | (2,340,182)              | (2,536,822)              |
| Collaterals held by Employers (*)          | 1,006,569,173            | 971,033,407              |
| <b>Sub Total</b>                           | <b>1,557,915,351</b>     | <b>1,547,085,248</b>     |
| Receivables from Related Parties (Note 27) | 37,473,489               | 22,694,696               |
| <b>Total</b>                               | <b>1,595,388,840</b>     | <b>1,569,779,943</b>     |

(\*) Before the completion of the work defined in the construction contracts or until completion, in some cases the commercial debts held by the employer within a longer period of time and not yet outstanding are classified as “subcontractor return share debts”.

As of 31 December 2023, the weighted average of interest rate 13.90%, 5.47% and 3.68% used to calculate unearned finance income for short-term trade receivables in terms of TRY, US Dollars and Euro and average maturity of receivables is 2 months (2022: TRY 14.80%, US Dollars 4.48%, Euro 1.90%, 2 months).

As of 31 December 2023, trade receivables amounting to TRY2,340,182 (2022: TRY2,536,822) is a provision for doubtful receivables

Provision for doubtful receivables for trade receivables is determined based on past experience.

The movement schedule of the Group for doubtful trade receivables is as follows:

|                                   | <b><u>1 January –<br/>31 December 2023</u></b> | <b><u>1 January –<br/>31 December 2022</u></b> |
|-----------------------------------|--|--|
| Beginning of the period           | 2,536,822                                      | 1,202,765                                      |
| Provisions made during the period | 250,398  | -  |
| Monetary gain/loss                | (444,520)                                      | 3,024  |
| Foreign exchange rate differences | 2,518  | 335,654  |
| <b>End of the period</b>          | <b>2,340,182</b>                               | <b>2,536,822</b>                               |

Explanations on the nature and level of risks in trade receivables are explained in detail in Note 28.

**b) Trade Payables:**

The Group’s trade payables at the balance sheet date are as follows:

| <b><u>Short Term Trade Payables</u></b>             | <b><u>31.12.2023</u></b> | <b><u>31.12.2022</u></b> |
|---|--------------------------|--------------------------|
| Suppliers   | 3,164,003,134            | 2,044,351,140            |
| Notes Payable and Postdated Checks                  | 39,134,524               | 305,608,290              |
| Less: Unrealized Finance Expense                    | (6,206,020)              | (6,998,206)              |
| Expense Accruals                                    | 641,871                  | 323,163©                 |
| Financial Guarantees Given to the Subcontractor (*) | 199,646,902              | 216,055,240              |
| <b>Sub Total</b>                                    | <b>3,397,220,411</b>     | <b>2,559,339,627</b>     |
| Trade Payables to Related Parties (Note 27)         | 132,592,623              | 142,947,821              |
| <b>Total</b>  | <b>3,529,813,033</b>     | <b>2,702,287,448</b>     |

**ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ  
AND ITS SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND  
FOR THE YEAR ENDED 31 DECEMBER 2023**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

**7. TRADE RECEIVABLES AND PAYABLES (Continued)**

**b) Trade Payables: (Continued)**

As of 31 December 2023, the weighted average of interest rates are 15.22%, 5.47%, and 3.86% used to calculate unearned finance expense for short-term trade payables in terms of TRY, US Dollars and Euro and weighted average maturity is 3 months (31 December 2021: TRY 14.73%, US Dollars: 4.57%, Euro: 1.97% 3 months).

(\*) Before the completion of the work defined in the construction contracts or until completion, in some cases the commercial debts held by the employer within a longer period of time and not yet outstanding are classified as “subcontractor return share debts”.

Details of receivables from related parties and due to related parties are disclosed in Note 27.

Explanations on the nature and level of risks in trade payables are explained in detail in Note 28.

**8. OTHER RECEIVABLES AND PAYABLES**

| <b><u>Short Term Other Receivables</u></b>    | <b><u>31.12.2023</u></b> | <b><u>31.12.2022</u></b> |
|---|--------------------------|--------------------------|
| Deposits and Guarantees Given                 | 6,950,834                | 13,723,426               |
| Due From Personel                             | 21,141                   | 93,823                   |
| Doubtful Other Receivables                    | 5,224,671                | 8,629,694                |
| Less: Provision of Doubtful Other Receivables | (5,224,671)              | (8,629,694)              |
| Other Receivables                             | 1,417,594                | 1,339,252                |
| Tax and Social Security Receivables           | 50,121                   | 50,121                   |
| <b>Total</b>                                  | <b>8,439,690</b>         | <b>15,206,622</b>        |

The details of the other doubtful receivables are as follows:

|                                   | <b><u>31.12.2023</u></b> | <b><u>31.12.2022</u></b> |
|-----------------------------------|--------------------------|--------------------------|
| Beginning of the period           | 8,629,694                | 8,621,596                |
| Provisions within the period      | -                        | -                        |
| Less: Collected within the Period | (16,033)                 | (12,807)                 |
| Monetary gain/loss                | (3,388,991)              | 20,905                   |
| <b>End of the period</b>          | <b>5,224,671</b>         | <b>8,629,694</b>         |

| <b><u>Long-Term Other Receivables</u></b> | <b><u>31.12.2023</u></b> | <b><u>31.12.2022</u></b> |
|---|--------------------------|--------------------------|
| Deposits and Guarantees Given             | 4,207,403                | 4,992,665                |
| <b>Total</b>                              | <b>4,207,403</b>         | <b>4,992,665</b>         |

| <b><u>Short-Term Other Payables</u></b>     | <b><u>31.12.2023</u></b> | <b><u>31.12.2022</u></b> |
|---|--------------------------|--------------------------|
| Deposits and Guarantees Received            | 1,443,533                | 1,311,286                |
| Taxes and Charges                           | 18,753,978               | 43,129,381               |
| Other Payables                              | 863,535                  | 10,798,289               |
| Payables to the Public Authorities          | 3,222,784                | 1,143,045                |
| <b>Sub-Total</b>                            | <b>24,283,830</b>        | <b>56,382,000</b>        |
| Other Payables to Related Parties (Note 27) | 65,384,635               | 25,292,926               |
| <b>Total</b>                                | <b>89,668,465</b>        | <b>81,674,926</b>        |

| <b><u>Other Long-Term Payables</u></b>      | <b><u>31.12.2023</u></b> | <b><u>31.12.2022</u></b> |
|---|--------------------------|--------------------------|
| Payables to the Public Authorities          | 9,397,441                | 720,560                  |
| Other Payables to Related Parties (Note 27) | 25,357,000               | 69,541,478               |
| <b>Total</b>                                | <b>34,754,441</b>        | <b>70,262,038</b>        |



**ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ  
AND ITS SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND  
FOR THE YEAR ENDED 31 DECEMBER 2023**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

**9. INVENTORIES**

|                              | <u>31.12.2023</u>         | <u>31.12.2022</u>         |
|------------------------------|---------------------------|---------------------------|
| Raw Materials and Equipments | 540,778,076               | 932,456,484               |
| Other                        | 82,927                    | 82,078                    |
| <b>Total</b>                 | <b><u>540,861,003</u></b> | <b><u>932,538,562</u></b> |

The Group has no inventory pledged as collateral for loans used (31 December 2022: None).

**10. PREPAID EXPENSES AND DEFERRED REVENUES**

| <b>Short-Term Prepaid Expenses</b>        | <u>31.12.2023</u>         | <u>31.12.2022</u>         |
|---|---------------------------|---------------------------|
| Advances Given for Inventories            | 219,659,115               | 150,697,485               |
| Other Advances Given                      | 148,906,170               | 146,110,382               |
| Prepaid Expenses for the following months | 8,378,244                 | 8,022,803                 |
| <b>Total</b>                              | <b><u>376,943,529</u></b> | <b><u>304,830,670</u></b> |

| <b>Long-Term Prepaid Expenses</b>        | <u>31.12.2023</u>    | <u>31.12.2022</u>     |
|--|----------------------|-----------------------|
| Prepaid expenses for the following years | 50,460               | 213,703               |
| <b>Total</b>                             | <b><u>50,460</u></b> | <b><u>213,703</u></b> |

| <b>Short-Term Deferred Income</b>                  | <u>31.12.2023</u>         | <u>31.12.2022</u>         |
|--|---------------------------|---------------------------|
| Advances Received Regarding Construction Contracts | 297,736,719               | 242,220,227               |
| Other Advances Received                            | 3,369,941                 | 151,534,133               |
| Deferred revenue                                   | 3,139,757                 | 4,230,532                 |
| <b>Total</b>                                       | <b><u>304,246,417</u></b> | <b><u>397,984,892</u></b> |

| <b>Long Term Deferred Incomes</b>                  | <u>31.12.2023</u>         | <u>31.12.2022</u>         |
|--|---------------------------|---------------------------|
| Deferred revenue                                   | 1,107,534                 | -                         |
| Advances Received Regarding Construction Contracts | 783,041,460               | 819,523,598               |
| <b>Total</b>                                       | <b><u>784,148,994</u></b> | <b><u>819,523,598</u></b> |

**11. CONSTRUCTION CONTRACTS**

|   | <u>31.12.2023</u> (*)       | <u>31.12.2022</u>           |
|---|-----------------------------|-----------------------------|
| Assets regarding Construction Contracts in Progress | 4,554,169,783               | 4,003,534,804               |
| <b>Total</b>  | <b><u>4,554,169,783</u></b> | <b><u>4,003,534,804</u></b> |

(\*) TRY 2,283,281,341 of the amount has been recognised under Non- Current Assets. (31 December 2022:TRY 2,38,688,653).

Assets related to construction projects in progress are as follows:

|   | <u>31.12.2023</u>           | <u>31.12.2022</u>           |
|---|-----------------------------|-----------------------------|
| Assets regarding Domestic Construction Contracts              |                             |                             |
| Unearned Assets regarding Domestic Construction Contracts (*) | 1,640,723,440               | 939,664,901                 |
| Unearned Assets regarding Overseas Construction Contracts (*) | 2,913,446,343               | 3,063,869,903               |
| <b>Assets regarding Construction Contracts In Progress</b>    | <b><u>4,554,169,783</u></b> | <b><u>4,003,534,804</u></b> |

**ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ  
AND ITS SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND  
FOR THE YEAR ENDED 31 DECEMBER 2023**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

**11. CONSTRUCTION CONTRACTS (Continued)**

|  |                    |                      |
|--|--------------------|----------------------|
|  | <u>31.12.2023</u>  | <u>31.12.2022</u>    |
| Liabilities Regarding Construction Contracts in Progress | 414,713,998        | 1,038,195,740        |
| <b>Total</b>   | <b>414,713,998</b> | <b>1,038,195,740</b> |

(\*) There is reasonable assurance that the entity will fulfill the necessary conditions for the acquisition of assets that have not yet been acquired and the fair value of the consideration received has been reflected in the consolidated financial statements on an accrual basis.

Liabilities related to construction projects in progress are as follows:

|  |                    |                      |
|--|--------------------|----------------------|
|  | <u>31.12.2023</u>  | <u>31.12.2022</u>    |
| Over-invoiced Portion regarding Domestic Construction Contracts                        | -                  | 4,350,292            |
| Over-invoiced Portion regarding Overseas Construction Contracts                        | 414,713,998        | 1,033,845,448        |
| <b>Contractual obligations arising from ongoing construction and contracting works</b> | <b>414,713,998</b> | <b>1,038,195,740</b> |

Guarantees given and received for the projects described in Note 15.

As of 31 December 2023, short-and long-term advances has been received regarding the ongoing construction contracts is amounting to TRY71,080,778,179 (31 December 2022: TRY1,061,743,825).

**12. INVESTMENT PROPERTY**

|                              |                       |                  |                  |                    |                     |                         |
|------------------------------|-----------------------|------------------|------------------|--------------------|---------------------|-------------------------|
|                              | <u>1 January 2023</u> |                  |                  |                    |                     | <u>31 December 2023</u> |
|                              | <u>Opening</u>        |                  |                  |                    |                     | <u>Closing</u>          |
| <b>Fair Value</b>            | <b>Balance</b>        | <b>Additions</b> | <b>Disposals</b> | <b>Transfers</b>   | <b>Appreciation</b> | <b>Balance</b>          |
| Land and Buildings           | 1,748,232,532         | -                | -                | (8,836,271)        | (13,438,119)        | 1,725,958,142           |
| <b>Investment Properties</b> | <b>1,748,232,532</b>  | <b>-</b>         | <b>-</b>         | <b>(8,836,271)</b> | <b>(13,438,119)</b> | <b>1,725,958,142</b>    |

|                              |                       |                  |                  |                  |                    |                         |
|------------------------------|-----------------------|------------------|------------------|------------------|--------------------|-------------------------|
|                              | <u>1 January 2022</u> |                  |                  |                  |                    | <u>31 December 2022</u> |
|                              | <u>Opening</u>        |                  |                  |                  |                    | <u>Value</u>            |
| <b>Fair Value</b>            | <b>Balance</b>        | <b>Additions</b> | <b>Disposals</b> | <b>Transfers</b> | <b>Increase</b>    | <b>Closing Balance</b>  |
| Land and Buildings           | 934,739,821           | -                | -                | -                | 813,492,711        | 1,748,232,532           |
| <b>Investment Properties</b> | <b>934,739,821</b>    | <b>-</b>         | <b>-</b>         | <b>-</b>         | <b>813,492,711</b> | <b>1,748,232,532</b>    |

The fair value of investment property amounting at 31 December 2023 and 2022 are as follows:

|                            |                         |                       |                         |                       |
|----------------------------|-------------------------|-----------------------|-------------------------|-----------------------|
|                            | <u>31 December 2023</u> |                       | <u>31 December 2022</u> |                       |
|                            | <u>Expertize Report</u> |                       | <u>Expertize</u>        |                       |
| <b>Name of real estate</b> | <b>Date</b>             | <b>The Fair Value</b> | <b>Report Date</b>      | <b>The Fair Value</b> |
| Anel İş Merkezi            | 31 December 2023        | 1,720,000,000         | 10 March 2023           | 1,055,000,000         |
| Koşuyolu land              | 31 December 2023        | 23,000,000            | 3 February 2023         | 10,975,000            |

There is a mortgage amount of EUR37,200,000, TRY527,000,000, USD136,000,000, and 258,063,599 TL insurance coverage is available. (31 December 2022: EUR 37,200,000, TL 527,000,000, mortgage amounting to USD 136,000,000, debt and precautionary lien (creditor Denizbank A.Ş.) and insurance guarantee of 257,969,666 TL)

The Group has revaluated the Anel Business Center building located in Ümraniye, one of its investment properties, by Eva Gayrimenkul Değerleme Danışmanlık A.Ş., an independent valuation company licensed by CMB.

**ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ  
AND ITS SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND  
FOR THE YEAR ENDED 31 DECEMBER 2023**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

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**12. INVESTMENT PROPERTY (Continued)**

The Group management believes that the appraiser company has professional knowledge and up-to-date information on the segment and location of investment property.

According to the appraiser report as of 31 December 2023 prepared by the appraiser company, fair value was determined as TRY1,720,000,000. The value of the property was determined by the Market method.

The area used by the Group Companies subject to consolidation within 42 independent area of the property subject to the appraisal, have been recognised in tangible assets amounting to TRY17,141,246 TL and remaining areas amounting to TRY1,725,958,142 have been recognised in investment properties.

In addition, the building of the Group, which is outside of Anel Business Center and located in Koşuyolu, has been evaluated by TSKB Gayrimenkul Değerleme A.Ş. and its fair value has been determined as TRY23,000,000. The value of the property was determined by the Market Approach method.

The Group has generated TRY60,741,170 rental income from its investment properties (31 December 2022: TRY45,716,095).

**ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ  
AND ITS SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND  
FOR THE YEAR ENDED 31 DECEMBER 2023**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

**13. TANGIBLE ASSETS**

|                                  |                    |   |                     |                      |                                   |                           | <u>31.12.2023</u>    |
|----------------------------------|--------------------|---|---------------------|----------------------|-----------------------------------|---------------------------|----------------------|
| <u>Cost</u>                      | <u>Buildings</u>   | <u>Plant,<br/>Machinery and<br/>Equipment</u> | <u>Vehicles</u>     | <u>Fixtures</u>      | <u>Leasehold<br/>Improvements</u> | <u>Other Fixed Assets</u> | <u>Total</u>         |
| <b>Opening Balance</b>           | <b>8,304,975</b>   | <b>188,266,731</b>                            | <b>18,905,114</b>   | <b>173,535,200</b>   | <b>7,016,322</b>                  | <b>831,374</b>            | <b>396,859,716</b>   |
| Currency Translation Adjustments | -                  | (6,472,193)                                   | (724,986)           | (3,207,174)          | -                                 | -                         | (10,404,353)         |
| Purchases                        | -                  | 38,829  | -                   | 371,783              | -                                 | -                         | 410,612              |
| Disposal                         | -                  | -   | -                   | (200,021)            | -                                 | -                         | (200,021)            |
| Transfers                        | 8,836,271          | -   | -                   | -                    | -                                 | -                         | 8,836,271            |
| <b>Closing Balance</b>           | <b>17,141,246</b>  | <b>181,833,367</b>                            | <b>18,180,128</b>   | <b>170,499,788</b>   | <b>7,016,322</b>                  | <b>831,374</b>            | <b>395,502,225</b>   |
| <b>Accumulated Depreciation</b>  |                    |   |                     |                      |                                   |                           |                      |
| <b>Opening Balance</b>           | <b>(2,532,398)</b> | <b>(166,468,545)</b>                          | <b>(18,905,114)</b> | <b>(162,531,207)</b> | <b>(7,016,322)</b>                | <b>(831,374)</b>          | <b>(358,284,961)</b> |
| Currency Translation Adjustments | -                  | 3,870,763                                     | 726,267             | 3,086,455            | -                                 | -                         | 7,683,485            |
| Charge for the period            | (455,116)          | (6,340,773)                                   | -                   | (2,321,947)          | -                                 | -                         | (9,117,836)          |
| Disposals                        | -                  | -   | -                   | 198,818              | -                                 | -                         | 198,818              |
| <b>Closing Balance</b>           | <b>(2,987,514)</b> | <b>(168,938,555)</b>                          | <b>(18,178,847)</b> | <b>(161,567,881)</b> | <b>(7,016,322)</b>                | <b>(831,374)</b>          | <b>(359,520,494)</b> |
| <b>Tangible Assets, net</b>      | <b>14,153,732</b>  | <b>12,894,812</b>                             | <b>1,281</b>        | <b>8,931,907</b>     | <b>-</b>                          | <b>-</b>                  | <b>35,981,731</b>    |

**ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ  
AND ITS SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND  
FOR THE YEAR ENDED 31 DECEMBER 2023**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

**13. TANGIBLE ASSETS (Continued)**

|                                  |                    |   |                     |                      |                                   |                               | <u>31.12.2022</u>    |
|----------------------------------|--------------------|---|---------------------|----------------------|-----------------------------------|-------------------------------|----------------------|
| <b>Cost</b>                      | <b>Buildings</b>   | <b>Plant,<br/>Machinery and<br/>Equipment</b> | <b>Vehicles</b>     | <b>Fixtures</b>      | <b>Leasehold<br/>Improvements</b> | <b>Other Fixed<br/>Assets</b> | <b>Total</b>         |
| <b>Opening Balance</b>           | <b>8,304,975</b>   | <b>209,620,848</b>                            | <b>21,694,732</b>   | <b>186,886,558</b>   | <b>7,016,322</b>                  | <b>831,374</b>                | <b>434,354,810</b>   |
| Currency Translation Adjustments | -                  | (23,034,169)                                  | (2,789,618)         | (12,820,984)         | -                                 | -                             | (38,644,771)         |
| Purchases                        | -                  | 1,680,052                                     | -                   | 402,714              | -                                 | -                             | 2,082,766            |
| Disposals                        | -                  | -   | -                   | (933,088)            | -                                 | -                             | (933,088)            |
| Transfers                        | -                  | -   | -                   | -                    | -                                 | -                             | -                    |
| <b>Closing Balance</b>           | <b>8,304,975</b>   | <b>188,266,731</b>                            | <b>18,905,114</b>   | <b>173,535,200</b>   | <b>7,016,322</b>                  | <b>831,374</b>                | <b>396,859,717</b>   |
| <b>Accumulated Depreciation</b>  |                    |   |                     |                      |                                   |                               |                      |
| <b>Opening Balance</b>           | <b>(2,077,282)</b> | <b>(170,729,286)</b>                          | <b>(21,694,732)</b> | <b>(169,771,236)</b> | <b>(6,988,708)</b>                | <b>(831,374)</b>              | <b>(372,092,619)</b> |
| Currency Translation Adjustments | -                  | (29,747,291)                                  | 2,789,618           | 10,796,644           | -                                 | -                             | 25,480,661           |
| Charge for the period            | (455,116)          | (7,633,641)                                   | -                   | (4,471,689)          | (27,614)                          | -                             | (12,588,060)         |
| Disposals                        | -                  | -   | -                   | 915,074              | -                                 | -                             | 915,074              |
| <b>Closing Balance</b>           | <b>(2,532,398)</b> | <b>(166,468,528)</b>                          | <b>(18,905,114)</b> | <b>(162,531,207)</b> | <b>(7,016,322)</b>                | <b>(831,374)</b>              | <b>(358,284,944)</b> |
| <b>Tangible Assets, net</b>      | <b>5,772,577</b>   | <b>21,798,203</b>                             | <b>-</b>            | <b>11,003,993</b>    | <b>-</b>                          | <b>-</b>                      | <b>38,574,773</b>    |

Total depreciation expense for the current period is TRY9,117,836 (31 December 2022: TRY12,588,060). This amount is TRY7,294,265 (31 December 2022: TRY10,064,743) included in the cost of goods sold (Note 19) and TRY1,823,571 (31 December 2022: TRY: 2,523,317) are included in general administrative expenses (Note 20) and no allocation included in marketing expenses (31 December 2022: None).

**ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ  
AND ITS SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND  
FOR THE YEAR ENDED 31 DECEMBER 2023**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

**14. INTANGIBLE ASSETS**

|                                  | <b>31.12.2023</b>   |                     |
|----------------------------------|---------------------|---------------------|
| <b>Cost</b>                      | <b>Rights</b>       | <b>Total</b>        |
| <b>Opening Balance</b>           | <b>48,584,545</b>   | <b>48,584,545</b>   |
| Currency Translation Adjustments | (994,712)           | (950,624)           |
| Additions                        | -                   | -                   |
| Disposal                         | -                   | -                   |
| <b>Closing Balance</b>           | <b>47,589,833</b>   | <b>47,633,921</b>   |
| <b>Accumulated Amortization</b>  |                     |                     |
| <b>Opening Balance</b>           | <b>(48,240,631)</b> | <b>(48,240,631)</b> |
| Currency Translation Adjustments | 1,044,973           | 1,044,973           |
| Charge for the period            | (22,390)            | (22,390)            |
| Disposal                         | -                   | -                   |
| <b>Closing Balance</b>           | <b>(47,218,048)</b> | <b>(47,218,048)</b> |
| <b>Intangible Assets, net</b>    | <b>415,873</b>      | <b>415,873</b>      |
| <br>                             |                     |                     |
|                                  | <b>31.12.2022</b>   |                     |
| <b>Cost</b>                      | <b>Rights</b>       | <b>Total</b>        |
| <b>Opening Balance</b>           | <b>50,959,294</b>   | <b>50,959,294</b>   |
| Currency Translation Adjustments | (2,374,749)         | (2,374,749)         |
| Additions                        | -                   | -                   |
| Disposal                         | -                   | -                   |
| <b>Closing Balance</b>           | <b>48,584,545</b>   | <b>48,584,545</b>   |
| <b>Accumulated Amortization</b>  |                     |                     |
| <b>Opening Balance</b>           | <b>(49,768,368)</b> | <b>(49,768,368)</b> |
| Currency Translation Adjustments | 2,374,752           | 2,374,752           |
| Charge for the period            | (847,015)           | (847,015)           |
| Disposal                         | -                   | -                   |
| <b>Closing Balance</b>           | <b>(48,240,631)</b> | <b>(48,240,631)</b> |
| <b>Intangible Assets, net</b>    | <b>343,914</b>      | <b>343,914</b>      |

The sum of the current period amortisation is TRY22,390 (31 December 2022: TRY847,015). Total amount of TRY2,239 is included in the cost of the sold goods (31 December 2022: TRY220,151) (Note 19), part of the TRY20,151 recognised in the general administrative expenses (31 December 2022: TRY826,874) (Note 20).

**ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ  
AND ITS SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND  
FOR THE YEAR ENDED 31 DECEMBER 2023**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

**15. PROVISIONS AND CONTINGENT ASSETS AND LIABILITIES**

|   |                          |                          |
|---|--------------------------|--------------------------|
| <b><u>Other short-term provisions</u></b> | <b><u>31.12.2023</u></b> | <b><u>31.12.2022</u></b> |
| Litigation provisions                     | 11,788,226               | 15,006,722               |
| <b>Total</b>                              | <b>11,788,226</b>        | <b>15,006,722</b>        |

The details of litigation provisions are as follows:

|                          |                          |                          |
|--------------------------|--------------------------|--------------------------|
|                          | <b><u>31.12.2023</u></b> | <b><u>31.12.2022</u></b> |
| Beginning of period      | 15,006,722               | 11,770,244               |
| Provision in period      | 2,250,504                | 2,975,333                |
| Less: canceled in period | (3,099,160)              | (600,702)                |
| Monetary gain/loss       | (2,369,839)              | 861,847                  |
| <b>End of period</b>     | <b>11,788,226</b>        | <b>15,006,722</b>        |

**Contingent Liabilities**

As of 31 December 2023, there are 64 lawsuits against the Group amounting to TRY11,788,226 (31 December 2022: TRY 15,006,722.)

**Collaterals-Pledge-Mortgages**

As of 31 December 2023, and 31 December 2022, the Group's collateral/pledge/mortgage position statements are as follows:

There are no guarantees obtained for undertaking projects of the Group. Other collaterals received are as follows:

|                                | <b><u>31.12.2023</u></b> |                   |                   |                              |
|--------------------------------|--------------------------|-------------------|-------------------|------------------------------|
|                                | <b><u>USD</u></b>        | <b><u>EUR</u></b> | <b><u>TRY</u></b> | <b><u>TRY Equivalent</u></b> |
| Letters of Guarantees Received | 348,652                  | 509,337           | 8,310,132         | 35,164,912                   |
| Guaranteed Bill Received       | 17,012                   | 3,400             | 2,476,697         | 3,088,251                    |
| Guaranteed Cheques Received    | 55,378                   | -                 | -                 | 1,630,229                    |
| <b>Total</b>                   | <b>421,042</b>           | <b>512,737</b>    | <b>10,786,829</b> | <b>39,883,391</b>            |

  

|                                | <b><u>31.12.2022</u></b> |                   |                   |                              |
|--------------------------------|--------------------------|-------------------|-------------------|------------------------------|
|                                | <b><u>USD</u></b>        | <b><u>EUR</u></b> | <b><u>TRY</u></b> | <b><u>TRY Equivalent</u></b> |
| Letters of Guarantees Received | 378,513                  | 713,120           | 7,984,447         | 29,277,973                   |
| Guaranteed Bill Received       | 16,008                   | -                 | 1,681,697         | 2,000,815                    |
| Guaranteed Cheques Received    | 55,378                   | -                 | 25,000            | 25,000                       |
| <b>Total</b>                   | <b>449,899</b>           | <b>713,120</b>    | <b>9,691,144</b>  | <b>31,303,788</b>            |

**ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ  
AND ITS SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND  
FOR THE YEAR ENDED 31 DECEMBER 2023**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

**15. PROVISIONS AND CONTINGENT ASSETS AND LIABILITIES (Continued)**

**Collaterals- Mortgages (Continued)**

| 31.12.2023  | CM's given by the Group |                   |                    |          |                      |
|---|-------------------------|-------------------|--------------------|----------|----------------------|
|   | USD                     | EUR               | TRY                | GBP      | TRY Equivalent       |
| A) CPMB's given for Company's own legal personality   | 2,273,729               | 38,781,152        | 116,618,707        | -        | 1,446,806,546        |
| B) CPMB's given on behalf of fully consolidated companies   | 228,582,993             | 1,939,132         | 433,114,770        | -        | 7,225,351,726        |
| C) CPMB's given on behalf of third parties for ordinary course of business                            | -                       | -                 | -                  | -        | -                    |
| D) CPMB's given within the scope of Corporate Governance Communique's 12/2 clause                     | -                       | -                 | -                  | -        | -                    |
| E) Total amount of other CPMB's   | -                       | -                 | 85,680             | -        | 85,680               |
| i) Total amount of CPMB's given on behalf of majotary shareholder                                     | -                       | -                 | -                  | -        | -                    |
| ii) Total amount of CPMB's given on behalf of other Group companies which are not in scope of B and C | -                       | -                 | 85,680             | -        | 85,680               |
| iii) Total amount of CPMB's given on behalf of third parties which are not in scope of C              | -                       | -                 | -                  | -        | -                    |
| <b>TOTAL</b>  | <b>230,856,722</b>      | <b>40,720,284</b> | <b>549,819,157</b> | <b>-</b> | <b>8,672,243,952</b> |



**ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ  
AND ITS SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND  
FOR THE YEAR ENDED 31 DECEMBER 2023**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

**15. PROVISIONS AND CONTINGENT ASSETS AND LIABILITIES (Continued)**

**Collaterals- Mortgages (Continued)**

| 31.12.2022  | CM's given by the Group |                   |                    |                |                      |
|---|-------------------------|-------------------|--------------------|----------------|----------------------|
|   | USD                     | EUR               | TRY                | GBP            | TRY Equivalent       |
| A) CPMB's given for Company's own legal personality   | 2,517,548               | 38,392,165        | 203,012,523        | 150,000        | 1,020,284,455        |
| B) CPMB's given on behalf of fully consolidated companies   | 234,929,096             | 2,151,532         | 713,655,847        | -              | 5,157,315,489        |
| C) CPMB's given on behalf of third parties for ordinary course of business                            | -                       | -                 | -                  | -              | -                    |
| D) CPMB's given within the scope of Corporate Governance Communiqué's 12/2 clause                     | -                       | -                 | -                  | -              | -                    |
| E) Total amount of other CPMB's   | -                       | -                 | 141,177            | -              | 141,177              |
| i) Total amount of CPMB's given on behalf of majority shareholder                                     | -                       | -                 | -                  | -              | -                    |
| ii) Total amount of CPMB's given on behalf of other Group companies which are not in scope of B and C | -                       | -                 | 141,177            | -              | 141,177              |
| iii) Total amount of CPMB's given on behalf of third parties which are not in scope of C              | -                       | -                 | -                  | -              | -                    |
| <b>TOTAL</b>  | <b>237,446,644</b>      | <b>40,543,697</b> | <b>916,809,548</b> | <b>150,000</b> | <b>6,177,741,121</b> |

Other groups of CPM is given by the Group's equity ratio is 0% (31 December 2022:0%).

**ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ  
AND ITS SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND  
FOR THE YEAR ENDED 31 DECEMBER 2023**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

**15. PROVISIONS AND CONTINGENT ASSETS AND LIABILITIES (Continued)**

**Collaterals- Mortgages (Continued)**

The distribution of CM’s by type as of 31 December 2023 and 31 December 2022 is shown below.

**31.12.2023**

| <b><u>Collaterals, Mortgages</u></b> | <b><u>Total TRY Equivalent</u></b> | <b><u>USD</u></b>  | <b><u>EUR</u></b> | <b><u>GBP</u></b> | <b><u>TRY</u></b>  |
|--------------------------------------|------------------------------------|--------------------|-------------------|-------------------|--------------------|
| Collaterals                          | 2,929,899,672                      | 94,856,722         | 3,520,284         | -                 | 22,819,157         |
| Mortgages                            | 5,742,344,280                      | 136,000,000        | 37,200,000        | -                 | 527,000,000        |
| <b>Total</b>                         | <b>8,672,243,952</b>               | <b>230,856,722</b> | <b>40,720,284</b> | <b>-</b>          | <b>549,819,157</b> |

**31.12.2022**

| <b><u>Collaterals, Mortgages</u></b> | <b><u>Total TRY Equivalent</u></b> | <b><u>USD</u></b>  | <b><u>EUR</u></b> | <b><u>GBP</u></b> | <b><u>TRY</u></b>  |
|--------------------------------------|------------------------------------|--------------------|-------------------|-------------------|--------------------|
| Collaterals                          | 2,018,937,461                      | 101,446,644        | 3,343,697         | 150,000           | 48,471,648         |
| Mortgages                            | 4,158,803,660                      | 136,000,000        | 37,200,000        | -                 | 868,337,900        |
| <b>Total</b>                         | <b>6,177,741,121</b>               | <b>237,446,644</b> | <b>40,543,697</b> | <b>150,000</b>    | <b>916,809,548</b> |

**ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ  
AND ITS SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND  
FOR THE YEAR ENDED 31 DECEMBER 2023**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

**16. EMPLOYEE BENEFITS**

|   |                          |                          |
|---|--------------------------|--------------------------|
| <b><u>Provisions for Short Term Employee Benefits</u></b> | <b><u>31.12.2023</u></b> | <b><u>31.12.2022</u></b> |
| Unused Vacation Rights                                    | 14,070,211               | 20,809,225               |

The movements of unused vacation rights during the year are as follows:

|   | <b><u>1 January -<br/>31 December 2023</u></b> | <b><u>1 January -<br/>31 December 2022</u></b> |
|---|--|--|
| Provisions as of 1 January              | 20,809,225                                     | 20,192,414                                     |
| Additional provision                    | 5,620,482                                      | 29,796,888                                     |
| Using in period                         | (10,378,850)                                   | (36,505,363)                                   |
| Foreign currency conversion adjustments | 4,743,278                                      | 5,911,620                                      |
| Monetary gain/loss                      | (6,723,924)                                    | 1,413,666                                      |
| <b>End of the period</b>                | <b><u>14,070,211</u></b>                       | <b><u>20,809,225</u></b>                       |

|   |                          |                          |
|---|--------------------------|--------------------------|
| <b><u>Employee Benefits Liabilities</u></b> | <b><u>31.12.2023</u></b> | <b><u>31.12.2022</u></b> |
| Due to Personnel                            | 76,227,533               | 61,918,511               |
| Social Security Withholdings Payable        | 4,865,992                | 5,398,869                |
| <b>Total</b>                                | <b><u>81,093,525</u></b> | <b><u>67,317,380</u></b> |

|  |                          |                          |
|--|--------------------------|--------------------------|
| <b><u>Provisions for Long Term Employee Benefits</u></b> | <b><u>31.12.2023</u></b> | <b><u>31.12.2022</u></b> |
| Provisions for Employee Termination Benefits             | 37,920,233               | 47,659,551               |

Under Turkish law, and any group that fills a one-year service period is terminated without due cause, is called up for military service, dies, 25-year period of service for men, 20 women have been filled or the retirement age (women 58 and men 60 years), the staff has to make severance payments.

The liability is not subject to any funding. The provision of Group’s, arising from the retirement of employees is calculated by estimating the present value of future probable obligation. TAS 19 (“Employee Benefits”), group obligations under defined benefit plans using actuarial valuation methods to be developed. Accordingly, the actuarial assumptions used in calculating the total liabilities are as follows:

The severance provisions for the employees that works Group’s Qatar and United Arab Emirates branches are not subject to any discount due to local laws of these countries where the units are.

|                               |                          |                          |
|-------------------------------|--------------------------|--------------------------|
|                               | <b><u>31.12.2023</u></b> | <b><u>31.12.2022</u></b> |
| Annual Discount Rate (%)      | 2.72                     | 0.50                     |
| Probability of Retirement (%) | 83.37                    | 88.00                    |

The main assumption, the maximum liability for each year of service will only grow in line with inflation. Therefore, the discount rate applied represents the expected real rate after adjusting for the effects of future inflation. Therefore, as of 31 December 2023 the accompanying financial statements provisions for the future probably obligation arising from the retirement of employees is calculated by estimating the present value.

Severance pay ceiling amounting to TRY35,058.58 (31 December 2022: TRY19,982.83) used on calculation of retirement pay provision with effect from 1 January 2024.

**ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ  
AND ITS SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND  
FOR THE YEAR ENDED 31 DECEMBER 2023**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

**16. EMPLOYEE BENEFITS (Continued)**

Movements in the provision for employee benefits during the year are as follows:

|                                       | <u>1 January -<br/>31 December 2023</u> | <u>1 January -<br/>31 December 2022</u> |
|---------------------------------------|---|---|
| Opening Balance                       | 47,659,551                              | 39,717,494                              |
| Service Cost                          | 16,467,111                              | 29,343,315                              |
| Interest Cost                         | 49,975                                  | 155,000                                 |
| Employee Termination Paid             | (30,272,686)                            | (37,958,017)                            |
| Actuarial Gain/Loss                   | 4,599,981                               | (41,141)                                |
| Foreign Currency Exchange Differences | 12,170,992                              | 12,988,757                              |
| Monetary Gain/Loss                    | (12,754,691)                            | 3,454,143                               |
| <b>Closing Balance</b>                | <b>37,920,233</b>                       | <b>47,659,551</b>                       |

**17. OTHER ASSETS AND LIABILITIES**

| <u>Other Current Assets</u> | <u>31.12.2023</u> | <u>31.12.2022</u> |
|-----------------------------|-------------------|-------------------|
| Deferred VAT                | 20,500,688        | 20,224,406        |
| Other VAT                   | 5,330,413         | 7,386,701         |
| Work Advance                | 1,072,853         | 2,483,513         |
| Personel Advances           | 713,198           | 145,237           |
| Other Current Assets        | 41,007            | 44,385            |
| <b>Total</b>                | <b>27,658,159</b> | <b>30,284,243</b> |

**18. CAPITAL, RESERVES AND OTHER EQUITY COMPONENTS**

**a) Capital**

The Company's issued share capital as at 31 December 2022 and 31 December 2021 dates are as follows:

|   | <u>31.12.2023</u>             |                                 | <u>31.12.2022</u>             |                                 |
|---|-------------------------------|---------------------------------|-------------------------------|---------------------------------|
|   | <u>Share<br/>Amount (TRY)</u> | <u>Share<br/>Percentage (%)</u> | <u>Share<br/>Amount (TRY)</u> | <u>Share<br/>Percentage (%)</u> |
| <b>Shareholders (*)</b>   |                               |                                 |                               |                                 |
| Rıdvan Çelikel  | 117,517,316                   | 44.35                           | 117,517,315.59                | 44.35                           |
| Capital Strategy Funds Spc-The<br>Opportunistic Series Segregateg Portfolio | 88,126,896                    | 33.26                           | 51,987,280.10                 | 19.62                           |
| Other   | 59,355,788                    | 22.39                           | 95,495,404.31                 | 36.03                           |
| <b>Paid in Capital</b>  | <b>1,771,880,880</b>          | <b>100.00</b>                   | <b>1,771,880,880</b>          | <b>100.00</b>                   |
| <b>Adjustment to Share Capital</b>  |                               |                                 |                               |                                 |
| <b>Total</b>  |                               |                                 |                               |                                 |

(\*) As published on 31 December 2023 at kap.gov.tr.

As at 31 December 2023, 22.39% (31 December 2022: 36.02%) of Company shares are being traded in ISE (Istanbul Stock Exchange) according to Central Registry Agency (“CRA”) report.

The Company is subject to authorized capital system and the equity ceiling is TRY400,000,000. The Company's issued share capitals' historical value is TRY265,000,000. (31 December 2022: TRY265,000,000) which is consisted of authorized and fully paid 53,454,935.13 pcs of A-group shares and 211,545,064.87 pcs of B-group shares and each having TRY1 nominal value. A-group shareholders have two voting rights and B-group shareholders have one voting rights for each share owned at the General Assembly meeting. All of the A-group shares are owned by Rıdvan Çelikel.

**ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ  
AND ITS SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND  
FOR THE YEAR ENDED 31 DECEMBER 2023**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

**18. CAPITAL, RESERVES AND OTHER EQUITY COMPONENTS (Continued)**

**b) Premiums/(Discounts) Related with Shares**

|  | <u>31.12.2023</u> | <u>31.12.2022</u> |
|--|-------------------|-------------------|
| Premiums/(Discounts) Related with Shares | 16,291,506        | 16,291,506        |
| <b>Total</b>                             | <b>16,291,506</b> | <b>16,291,506</b> |

As of December 31, 2023, the amount of premiums related to shares in the legal records is 24,086,733 TL.

**c) Foreign Currency Translation Differences**

|  | <u>31.12.2023</u>    | <u>31.12.2022</u>    |
|--|----------------------|----------------------|
| Foreign Currency Translation Differences | 1,268,848,317        | 1,366,960,470        |
| <b>Total</b>                             | <b>1,268,848,317</b> | <b>1,366,960,470</b> |

**d) Defined Benefit Plans Revaluation and Measurement Gain/(Loss)**

|  | <u>31.12.2023</u>  | <u>31.12.2022</u> |
|--|--------------------|-------------------|
| Defined Benefit Plans Revaluation and Measurement Loss | (2,476,345)        | 3,612,380         |
| <b>Total</b>   | <b>(2,476,345)</b> | <b>3,612,380</b>  |

**e) Restricted Reserves**

|                     | <u>31.12.2023</u>  | <u>31.12.2022</u>  |
|---------------------|--------------------|--------------------|
| Restricted Reserves | 116,110,655        | 116,110,655        |
| <b>Total</b>        | <b>116,110,655</b> | <b>116,110,655</b> |

Inflation-adjusted amount of restricted reserves allocated from profit as of December 31, 2023 in legal records .It is 164,456,385 TL.

**f) Non-controlling Interests**

|                              | <u>31.12.2023</u> | <u>31.12.2022</u> |
|------------------------------|-------------------|-------------------|
| Beginning of Period          | 38,644,482        | 25,029,005        |
| Minority Share Profit/(Loss) | 10,297,196        | 13,615,477        |
| <b>Total</b>                 | <b>48,941,678</b> | <b>38,644,482</b> |

**g) Other Equity Shares**

|                     | <u>31.12.2023</u> | <u>31.12.2022</u> |
|---------------------|-------------------|-------------------|
| Other Equity Shares | 59,330,019        | 59,330,019        |
| <b>Total</b>        | <b>59,330,019</b> | <b>59,330,019</b> |

**ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ  
AND ITS SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND  
FOR THE YEAR ENDED 31 DECEMBER 2023**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

**18. CAPITAL, RESERVES AND OTHER EQUITY COMPONENTS (Continued)**

**Previous Year Profit/Loss**

It consists of retained earnings, the effect of mergers and other retained earnings. The details of the Company's previous years' losses according to CMB regulations are as follows;

|                              | <b>31.12.2023</b>    | <b>31.12.2022</b>    |
|------------------------------|----------------------|----------------------|
| Effect of business combine   | (77,343,050)         | (76,383,241)         |
| Other previous year's losses | 1,430,954,611        | 1,654,597,821        |
|                              | <b>1,353,611,561</b> | <b>1,578,214,580</b> |

According to the Tax Procedure Law and the relevant declaration published in the Official Gazette dated 30 December 2023 and numbered 32415 (2nd Duplicate), the balance sheet dated 31 December 2023 prepared in accordance with the Tax Procedure Law is included in the Producer Prices General Indices (PPI) published by the Turkish Statistical Institute within the scope of inflation accounting application. ) was corrected using . The attached financial statements have been subject to inflation correction by using the Consumer Price Indices (CPI) published by the Turkish Statistical Institute in accordance with TAS 29, and ultimately the amounts for the current and previous reporting period are expressed in terms of purchasing power as of December 31, 2023. Due to the use of different indices in the Tax Procedure Law and TAS 29 inflation accounting application and the amounts from previous reporting periods in TMS 29 application are corrected and brought to the purchasing power of 31 December 2023; There are differences between the amounts included in the balance sheet prepared in accordance with the Tax Procedure Law and the amounts included in the financial statements prepared in accordance with TAS/IFRS regarding the items "Capital Adjustment Differences", "Premiums Related to Shares" and "Restricted Reserves Allocated from Profit". These differences are reflected in the "Retained Earnings or Losses" item in the TAS/IFRS financial statements, and these differences are given in detail below:

|  | <b>31.12.2023</b>                |                                  |  |
|--|----------------------------------|----------------------------------|--|
| <b>Retained Earnings</b>                           | <b>PPI Indexed Legal Records</b> | <b>CPI Indexed Legal Records</b> | <b>Amounts in Prior Years' Profit/Loss</b> |
| Positive distinction from share capital adjustment | 2,397,786,332                    | 1,506,880,880                    | 890,905,452                                |
| Reserves on retained earnings                      | 164,456,385                      | 116,110,655                      | 48,345,730                                 |
| Premiums on shares                                 | 24,086,733                       | 15,155,750                       | 8,930,983                                  |

As of January 1, 2022, the Group's previous years' profit / (loss) without inflation accounting is 20,624,726 TL, while the previous years' profit / (loss) with inflation applied is (1,246,211,060) TL.

As of December 31, 2022, the Group's previous years profit / (loss) amount without inflation accounting is (102.401.710), while the previous years profit / (loss) amount with inflation applied is (1.578.214.579) TL.

**Profit Distribution**

Publicly held companies, the CMB's profit distribution came into force from the date of February 1, 2014 II- 1.19 Dividend accordance with the notification.

The companies distribute their profits within the framework of the profit distribution policies to be determined by the general assemblies and in accordance with the provisions of the related legislation by the decision of the general assembly. A minimum distribution ratio has not been determined within the scope of the said communiqué. Companies pay dividends in the manner specified in their articles of incorporation or profit distribution policies. In addition, dividends may be paid in installments of equal or different consistency, and cash dividend advances may be distributed over the profit in the interim period financial statements.

The Company has decided to allocate other reserves, distribute profits to the next year and distribute profit shares to the members of the board of directors, members of the partnership and persons outside the shareholders unless the profit share determined for the shareholders is reserved in the articles of association or in the profit distribution policy. as well as for the shareholders, the profit share cannot be distributed to these persons unless the profit share is paid in cash.

Equity inflation adjustment differences and carrying values of extraordinary reserves can be used for bonus share capital increase, cash dividend distribution or loss deduction. However, equity inflation adjustment differences will be subject to corporation tax if used for cash profit distribution.

**ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ  
AND ITS SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND  
FOR THE YEAR ENDED 31 DECEMBER 2023**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

**19. REVENUE/COST OF SALES**

|                             | <u>1 January -<br/>31 December 2023</u> | <u>1 January -<br/>31 December 2022</u> |
|-----------------------------|---|---|
| <b>Sales Revenues</b>       |   |   |
| Domestic Sales              | 783,091,800                             | 759,385,042                             |
| Export Sales                | 1,326,445,334                           | 3,532,100,216                           |
| Other Revenues              | 1,043,582                               | 9,921,692                               |
| <b>Total Revenues</b>       | <b>2,110,580,716</b>                    | <b>4,301,406,949</b>                    |
| Sales Returns (-)           | (983,974)                               | (6,673,892)                             |
| <b>Sales Revenues (Net)</b> | <b>2,109,596,742</b>                    | <b>4,294,733,057</b>                    |
| Cost of Goods Sold          | (1,481,717)                             | (6,306,633)                             |
| Cost of Services Sold       | (1,876,711,622)                         | (4,574,680,758)                         |
| Depreciation Expenses       | (7,294,282)                             | (10,149,445)                            |
| <b>Cost of Sales</b>        | <b>(1,885,487,622)</b>                  | <b>(4,591,136,835)</b>                  |
| <b>GROSS PROFIT/LOSS</b>    | <b>224,109,120</b>                      | <b>(296,403,778)</b>                    |

**20. GENERAL ADMINISTRATIVE EXPENSES**

|                                     | <u>1 January -<br/>31 December 2023</u> | <u>1 January -<br/>31 December 2022</u> |
|-------------------------------------|---|---|
| General Administrative Expenses (-) | 132.381.717                             | 130.533.705                             |
| <b>Total</b>                        | <b>132.381.717</b>                      | <b>130.533.705</b>                      |

| <b>General Administrative Expenses (-)</b> | <u>1 January -<br/>31 December 2023</u> | <u>1 January -<br/>31 December 2022</u> |
|--|---|---|
| Employee Expenses                          | 48,074,902                              | 50,380,188                              |
| Department Share (*)                       | 36,327,897                              | 30,625,408                              |
| Litigation and Execution Expenses          | 2,334,333                               | 15,973,386                              |
| Counselling Expenses                       | 11,943,756                              | 9,610,877                               |
| Other Expenses                             | 2,880,032                               | 6,641,347                               |
| Information and Processing Expenses        | 6,897,910                               | 4,883,053                               |
| Non-deductible Expenses                    | 11,923,968                              | 4,171,930                               |
| Rent Expenses                              | 1,053,202                               | 2,034,029                               |
| Severance Payments                         | 4,569,524                               | 593,684                                 |
| Travel and Accomadaiton Expenses           | 2,372,871                               | 1,546,481                               |
| Insurance Expenses                         | 671,655                                 | 863,457                                 |
| Tax, Duties and Fee Expenses               | 1,508,097                               | 665,227                                 |
| Depreciation Expenses                      | 1,823,571                               | 2,516,186                               |
| Unused Vacation Provision                  | -                                       | 28,452                                  |
| <b>Total</b>                               | <b>132,381,717</b>                      | <b>130,533,705</b>                      |

(\*) Within the scope of Anel Group; management and organization of financial affairs, finance, quality processes, information systems, corporate communication, internal audit, commercial affairs, procurement, planning and legal affairs and management of all these processes. and the expenses incurred are distributed to companies benefiting from the service as a share of contribution with a certain systematic.

**21. EXPENSES BY NATURE**

|                                 | <u>1 January -<br/>31 December 2023</u> | <u>1 January -<br/>31 December 2022</u> |
|---------------------------------|---|---|
| <b>Depreciation Expenses</b>    |   |   |
| Cost of Good Sold               | 7,294,282                               | 10,064,743                              |
| General Administration Expenses | 1,823,571                               | 2,516,186                               |
| <b>Total</b>                    | <b>9,117,853</b>                        | <b>12,580,929</b>                       |

**ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ  
AND ITS SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND  
FOR THE YEAR ENDED 31 DECEMBER 2023**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

**21. EXPENSES BY NATURE(Continued)**

|                             | <u>1 January -<br/>31 December 2023</u> | <u>1 January-<br/>31 December 2022</u> |
|-----------------------------|---|--|
| <b>Personnel Expenses</b>   |   |  |
| Salary and Wages            | 335,563,010                             | 499,377,852                            |
| Severance Pay Expenses      | 9,378,617                               | 12,174,303                             |
| Social Security Expenses    | 13,213,669                              | 33,458,773                             |
| Vacation Provision Expenses | 401,735                                 | 689,960                                |
| <b>Total</b>                | <b>358,557,031</b>                      | <b>545,700,888</b>                     |

***Fees for Services Obtained from Independent Auditor/Independent Audit Firm***

The Group's explanation regarding the fees for services rendered by independent audit firms is as follows:

|  | <u>1 January -<br/>31 December 2023</u> | <u>1 January-<br/>31 December 2022</u> |
|--|---|--|
| Independent audit fee for the reporting period | 1,150,000                               | 856,804                                |
| Fees for tax advisory services                 | 317,400                                 | 308,944                                |
| Other assurance services                       | 50,000                                  | 49,431                                 |
| <b>Total</b>                                   | <b>1,517,400</b>                        | <b>1,215,179</b>                       |

**22. INCOME/EXPENSES FROM MAIN OPERATIONS**

|   | <u>1 January -<br/>31 December 2023</u> | <u>1 January-<br/>31 December 2022</u> |
|---|---|--|
| <b>Other Income from Main Operations</b>        |   |  |
| Foreign Exchange Gains from Main Operations (*) | 730,612,722                             | 773,710,468                            |
| Provisions No Longer Required                   | 4,656,402                               | 7,889,533                              |
| Other Income and Profits                        | 9,386,989                               | 3,600,121                              |
| <b>Total</b>                                    | <b>744,656,113</b>                      | <b>785,200,122</b>                     |

|   | <u>1 January -<br/>31 December 2023</u> | <u>1 January-<br/>31 December 2022</u> |
|---|---|--|
| <b>Other Expenses from Main Operations (-)</b>  |   |  |
| Foreign Exchange Gains from Main Operations (*) | 720,366,364                             | 778,226,612                            |
| Counselling Expense (-)                         | 61,590,048                              | 57,459,317                             |
| Provision Expenses (-)                          | 6,929,273                               | 5,240,296                              |
| Litigation and Execution Expenses (-)           | 2,380,633                               | 5,140,665                              |
| Other Expenses (-)                              | 580,673                                 | 3,532,674                              |
| Liquidation Expenses (-)                        | -                                       | 414,900                                |
| <b>Total</b>                                    | <b>791,846,993</b>                      | <b>850,014,464</b>                     |

(\*) Exchange differences income/expenses compose of the fx rate changes on trade receivables and payables.

**23. INCOME / EXPENSES FROM INVESTMENT ACTIVITIES**

|  | <u>1 January -<br/>31 December 2023</u> | <u>1 January-<br/>31 December 2022</u> |
|--|---|--|
| <b>Income from Investing Activities</b>        |   |  |
| Investment Property Revaluation Gain (Note 12) | -                                       | 813,492,711                            |
| Sale of Fixed Assets                           | 264,332                                 | 844,205                                |
| Gain on Financial Assets                       | 29,851                                  | 31,201                                 |
| Interest Income on Time Deposits               | 418,595                                 | 13,464                                 |
| <b>Total</b>                                   | <b>712,778</b>                          | <b>814,381,581</b>                     |



**ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ  
AND ITS SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND  
FOR THE YEAR ENDED 31 DECEMBER 2023**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

**23. INCOME / EXPENSES FROM INVESTMENT ACTIVITIES (Continued)**

|  | <u>1 January -<br/>31 December 2023</u> | <u>1 January -<br/>31 December 2022</u> |
|--|---|---|
| <b>Expenses from Investing Activities (-)</b>        |   |   |
| Investment Real Estate Value Increase Gain (Note 12) | -                                       | 813,492,711                             |
| Sale of Fixed Assets (-)                             | 264,332                                 | 844,205                                 |
| Financial Asset Valuation Gain                       | 29,851                                  | 31,201                                  |
| Time Deposit Interest Income                         | 418,595                                 | 13,464                                  |
| <b>Total</b>   | <b>712,778</b>                          | <b>814,381,581</b>                      |

**24. FINANCIAL INCOME / (EXPENSES)**

|                                      | <u>1 January -<br/>31 December 2023</u> | <u>1 January -<br/>31 December 2022</u> |
|--------------------------------------|---|---|
| <b>Financing Income</b>              |   |   |
| Foreign Exchange Gains               | 18,868,082                              | 31,627,727                              |
| Interest Income                      | 1,624,527                               | 16,130,083                              |
| Unearned Interest Income             | 118,424                                 | 160,708                                 |
| <b>Total</b>                         | <b>20,611,033</b>                       | <b>47,918,518</b>                       |
| <b>Financing Expenses (-)</b>        |   |   |
| Loan Interest Expenses (-)           | 199,409,633                             | 125,585,910                             |
| Foreign Exchange Losses (-)          | 158,852,368                             | 259,210,086                             |
| Unearned Interest Expense (-)        | 119,600                                 | 29,154                                  |
| <b>Total</b>                         | <b>358,381,601</b>                      | <b>384,825,150</b>                      |
| <b>Financial income/expense, net</b> | <b>(337,770,568)</b>                    | <b>(336,906,632)</b>                    |

**25. INCOME TAXES**

|  |                     |                   |
|--|---------------------|-------------------|
| <b>Current Assets Related with Current Tax</b>                                       | <b>31.12.2023</b>   | <b>31.12.2022</b> |
| Prepaid Taxes and Funds  | 593,594             | 2,873             |
| <b>Non-Current Assets Related with Current Tax</b>                                   | <b>31.12.2023</b>   | <b>31.12.2022</b> |
| Prepaid Taxes and Funds  | 18,042,535          | 38,376,768        |
| <b>Income Tax Liabilities</b>  | <b>31.12.2023</b>   | <b>31.12.2022</b> |
| Current Tax Liabilities  | 12,434,392          | 3,653,565         |
| Less: Prepaid Taxes and Funds  | (593,594)           | (2,870)           |
| <b>Income Tax Liabilities</b>  | <b>11,840,798</b>   | <b>3,650,695</b>  |
| <b>Tax Provision</b>   | <b>31.12.2023</b>   | <b>31.12.2022</b> |
| Current Period Corporate Tax Provision (-)   | (18,084,560)        | (4,386,877)       |
| Provision for Deferred Tax Expenses  | (24,876,496)        | 93,313,709        |
| <b>Income Tax Liabilities</b>  | <b>(42,961,056)</b> | <b>88,926,832</b> |
| Taxes on other comprehensive income that will not be reclassified on profit or loss. | 2,029,564           | (903,095)         |
| <b>Total Comprehensive Tax Income/(Losses), Net</b>                                  | <b>(40,931,492)</b> | <b>88,023,737</b> |

**Corporate Tax**

The Group is subject to corporate taxes in Turkey. Necessary provisions have been made in the attached consolidated financial statements for the estimated tax liabilities of the Group regarding the current period activity results. The corporate tax rate to be accrued over the taxable corporate income is based on the tax base remaining after the addition of non-deductible expenses from the tax base in determining the commercial income and deducting the tax-exempt earnings, non-taxable income and other discounts (if any, previous year losses and investment discounts used if preferred) are calculated.

In Turkey, The tax legislation provides for a temporary tax of 25% (2022: 23%) to be calculated and paid based on earnings generated for each quarter for the period ended 31 December 2021. Corporate tax losses can be carried forward for a maximum period of five years following the year in which the losses were incurred. However, the resulting losses cannot be deducted retrospectively from the profits of previous years.

**ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ  
AND ITS SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND  
FOR THE YEAR ENDED 31 DECEMBER 2023**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

**25. INCOME TAXES (Continued)**

**Corporate Tax (Continued)**

In Turkey, corporate tax rate is 25% as of 31 December 2023 (2022: 23%). Within the scope of the "Law on Amendments to Certain Tax Laws and Some Other Laws" numbered 7316, which was published in the Official Gazette dated 22 April 2021, the corporate tax rate has been determined as 23% for the calendar year 2022. Within the scope of the said law, deferred in the consolidated financial statements of 31 December 2023 tax assets and liabilities are calculated with a 25% tax rate for the part of the temporary differences that will have a tax effect in 2023, and 20% for the part that will have a tax effect in the following periods.

Provision is made Group’s financial statements for estimated tax liabilities in current period. In Turkey, the tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provision for taxes, as reflected in the consolidated financial statements, has been calculated on a separate-entity basis.

As at 31 December 2023 and 31 December 2022, the Group has respectively TRY362,701,841 and TRY113,821,535 unused tax losses to be offset against future profits. Unused tax losses could be usable within the dates stated below.

|                         | <b><u>31.12.2023</u></b>  | <b><u>31.12.2022</u></b>  |
|-------------------------|---------------------------|---------------------------|
| Will be expired in 2022 | -                         | 12,489,196                |
| Will be expired in 2023 | 17,403,110                | 17,403,110                |
| Will be expired in 2024 | 709,193                   | 709,193                   |
| Will be expired in 2025 | 30,558,329                | 30,558,329                |
| Will be expired in 2026 | 52,661,707                | 52,661,707                |
| Will be expired in 2027 | 261,369,502               | -                         |
| <b>Total</b>            | <b><u>362,701,841</u></b> | <b><u>113,821,535</u></b> |

Prior year losses are not reflected in the financial statements because it is unlikely that they will be recoverable in the foreseeable future.

As at 2023, effective corporate tax rate is 25%. (2022: %23).

As of 31 December 2023, provisional tax is payable at the rate of 25% (2022: 23%) on the income generated for the three-month periods according to tax legislation and the amounts paid in this manner are deducted from the tax calculated on the annual earnings. With the amendment to the Law, this rate has been determined as 25% for 2023 and 20% in the following periods.

Dividend income (excluding profits from investment funds 'participation certificates and investment trusts' shares) obtained from participating in the capital of another corporation which is fully taxpayed is exempt from corporation tax. In addition, the participation in the assets of the institutions for at least two full years 75% of the profits arising from the sale of founders' shares, redeemed shares and preferential rights of real estate (immovables) in the same period as their shares are exempt from corporate tax as of 31 December 2020. However, with the amendment made by Law No. 7061, this ratio has been reduced from 75% to 50% in terms of immovables and this ratio will be used as 50% in tax declarations to be prepared from 2020.

There is no clear and definitive agreement on tax assessment procedures in Turkey. Companies prepare their tax declarations between 1-25 April of the year following the close of accounting period of the related year. The Tax Office will make these statements and the underlying accounting records within 5 years.

In Qatar, the tax rate is 8%. The losses can be carried forward for a maximum of 3 years to be deducted from the taxable profit to be incurred in the following years. In the United Arab Emirates, no tax is applied.

**ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ  
AND ITS SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND  
FOR THE YEAR ENDED 31 DECEMBER 2023**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

**25. INCOME TAXES (Continued)**

**Income Tax Withholding**

In addition to Corporate Tax, in case of distribution; taxpaying real persons and corporate income to non-taxpayers and distributed to exempt from such taxes or taxpayer real persons, taxpayers institutions (except for those dividends through a business or permanent representative in Turkey) and narrow exempt from income tax and corporation Income tax withholding must also be calculated over the dividends distributed to taxpayers (adding the profit to the capital does not count as dividend distribution) written in subparagraphs (1), (2) and (3) of the second paragraph of article 75 of the Income Tax Law. Income withholding tax was applied as 15%.

|   | <b>31.12.2023</b>   | <b>31.12.2022</b> |
|---|---------------------|-------------------|
| Profit Before Tax                                     | 275,835,446         | 149,291,663       |
| The effective tax rate (% 25) (2022:%23)              | (68,958,861)        | (34,337,082)      |
| Impact on Tax Rate of Foreign Branches and Subsidiary | 67,998,950          | 8,462,681         |
| Non-deductible expenses                               | (1,156,091)         | 557,101           |
| Unused tax losses of the current period               | (73,216,902)        | (210,130,191)     |
| Unused tax losses for previous periods                | 8,624,377           | 10,844,380        |
| Effect of Tax Rate Changes                            | (2,371,686)         | 38,651,084        |
| Other   | 632,056             | (19,051,512)      |
| Monetary gain/loss                                    | 25,487,100          | 293,930,371       |
| <b>Total</b>  | <b>(42,961,056)</b> | <b>88,926,832</b> |

**Deferred Tax**

The Group recognizes deferred tax assets and deferred tax liabilities for temporary timing differences arising from the differences between the tax basis financial statements and the consolidated financial statements prepared in accordance with TFRS. Such differences usually arise from the fact that certain income and expense items are included in different periods in the financial statements as well as in the Consolidated Financial Statements, these differences are as follows

|  | <b>Cumulative Timing<br/>Difference</b> |                      | <b>Deferred Tax Asset/<br/>(Liability)</b> |                     |
|--|---|----------------------|--|---------------------|
|  | <b>31.12.2023</b>                       | <b>31.12.2022</b>    | <b>31.12.2023</b>                          | <b>31.12.2022</b>   |
| <b><u>Deferred Tax Asset</u></b>                             |   |                      |  |                     |
| Trade Receivables  | 74,636,919                              | 215,456,158          | 7,868,730                                  | 35,504,820          |
| Provision for Severance Pay                                  | 30,080,398                              | 44,142,560           | 3,704,106                                  | 4,495,997           |
| Unused Vacation Provision                                    | 13,313,900                              | 18,573,041           | 1,632,000                                  | 1,866,568           |
| Construction Contract Assets                                 | -                                       | 228,724,349          | -  | 66,506,452          |
| Deductible Financial Losses                                  | 137,591,897                             | 164,928,800          | 34,397,974                                 | 32,985,760          |
| Foreign exchange losses                                      | 1,431,781                               | 828,037              | 351,655                                    | 158,223             |
| Financing costs  | -                                       | -                    | -  | -                   |
| Other Short Term Provisions                                  | 7,178,481                               | 8,843,489            | 1,793,221                                  | 1,768,697           |
| Other Adjustment   | 125,277,450                             | 821,336              | 31,288,172                                 | 3,706,323           |
| <b>Total</b>   | <b>389,510,826</b>                      | <b>682,317,770</b>   | <b>81,035,858</b>                          | <b>146,992,840</b>  |
| <b><u>Deferred Tax Liabilities</u></b>                       |   |                      |  |                     |
| Tangible and Intangible Fixed Assets and Investments         |   |                      |  |                     |
| Re-measurement Of Objectives and Reasonable Value Adjustment | (7,237,215)                             | (843,387,652)        | (1,447,443)                                | (79,184,400)        |
| Trade Payables   | (6,168,264)                             | (8,175,101)          | (922,534)                                  | (925,634)           |
| Other Adjustment   | -                                       | (14,587,126)         | -  | (7,573,667)         |
| <b>Total</b>   | <b>(13,405,479)</b>                     | <b>(866,149,879)</b> | <b>(2,369,977)</b>                         | <b>(87,683,701)</b> |
| <b>Deferred Tax Asset/ (Liability), net</b>                  | <b>376,105,347</b>                      | <b>(183,832,109)</b> | <b>78,665,881</b>                          | <b>59,309,139</b>   |

**ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ  
AND ITS SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND  
FOR THE YEAR ENDED 31 DECEMBER 2023**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

**25. INCOME TAXES (Continued)**

**Deferred Tax (Continued)**

The movement of deferred tax assets/liabilities within the period is as follows:

|  | <u>1 January -<br/>31 December<br/>2023</u> | <u>1 January-<br/>31 December<br/>2022</u> |
|--|---|--|
| <b>Opening balance</b>                                   | <b>59,309,138</b>                           | <b>(39,100,585)</b>                        |
| Deffered Tax Expenses                                    | (24,876,496)                                | 93,313,709                                 |
| Foreign Currency Exchange Differences                    | 42,203,675                                  | 5,999,109                                  |
| Reflected in the statement of other comprehensive income | 2,029,564                                   | (903,095)                                  |
| <b>Closing balance</b>                                   | <b>78,665,881</b>                           | <b>59,309,138</b>                          |

**26. EARNINGS PER SHARE**

|  | <u>1 January -<br/>31 December 2023</u> | <u>1 January-<br/>31 December 2022</u> |
|--|---|--|
| <b><u>Earnings Per Share Diluted Earnings (Loss) Per Share</u></b> |   |  |
| Net Profit/(Loss) of the Parent Company                            | 222,577,194                             | 224,603,018                            |
| Weighted Average Number of Shares                                  | 265,000,000                             | 265,000,000                            |
| Earning Per Share Profit/(Loss) from Ongoing Activities            | 0.84                                    | 0.85                                   |

**27. RELATED PARTY DISCLOSURES**

Related parties of the Company and the transactions between subsidiaries have been eliminated on consolidation, are not disclosed in this note.

Trade receivables from related parties are generally arise from sales and maturities of approximately 2 months.

Trade payables to related parties usually arise from purchase transactions and average maturity is 2 months. Payables are not interest bearing.

Details of transactions between the Group and other related parties are disclosed as below.

**ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ  
AND ITS SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND  
FOR THE YEAR ENDED 31 DECEMBER 2023**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

**27. RELATED PARTY DISCLOSURES (Continued)**

|   | 31.12.2023        |                   |                    |                   |   |       |                   |
|---|-------------------|-------------------|--------------------|-------------------|---|-------|-------------------|
|   | Receivables       |                   | Borçlar            |                   |   |       |                   |
|   | Short Term        |                   | Short Term         |                   | Long Term                                 |       |                   |
|   | Trade             | Other             | Trade              | Other             | Cheques<br>given and<br>payment<br>orders | Trade | Other             |
| <b>Balances with Related Parties</b>                    |                   |                   |                    |                   |   |       |                   |
| Anelsis Mühendislik Sanayi ve Ticaret A.Ş. (*)          | 1,984,507         | -                 | 105,443,172        | 884,144           | -   | -     | -                 |
| Epsinom Teknik Hizmetler Ltd. (*)                       | 2,852             | 25,195,275        | 10,671             | 2,458,926         | -   | -     | -                 |
| Anelnet Teknik Hizmetler Ltd. Şti. (*)                  | 34,758,646        | -                 | 2,529,825          | 16,420,609        | -   | -     | -                 |
| Merve Şirin Çelikel Tombuloğlu                          | -                 | -                 | -                  | -                 | -   | -     | 7,995,905         |
| Mahir Kerem Çelikel                                     | -                 | -                 | -                  | -                 | -   | -     | 17,361,095        |
| Anel Doğa Entegre Geri Dönüşüm Endüstrisi A.Ş. (*) (**) | 46,009            | -                 | -                  | 36,040,335        | -   | -     | -                 |
| Anel Holding A.Ş. (*)                                   | 643,298           | 3,405,937         | 24,608,955         | 9,580,621         | -   | -     | -                 |
| Çelikel Eğitim Vakfı                                    | 38,177            | -                 | -                  | -                 | -   | -     | -                 |
| <b>Total</b>  | <b>37,473,489</b> | <b>28,601,212</b> | <b>132,592,623</b> | <b>65,384,635</b> | -   | -     | <b>25,357,000</b> |

(\*) Interest is accrued under the provisions of TCC regarding non-commercial transactions with related parties (not specified to the payment program). The average interest rate is 16.01% as of 31 December 2023.

(\*\*) Compose of the loan used by Anel Doğa Entegre Geri Dönüşüm Endüstrisi A.Ş. during the period.

**ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ  
AND ITS SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND  
FOR THE YEAR ENDED 31 DECEMBER 2023**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

**27. RELATED PARTY DISCLOSURES (Continued)**

|   | 31.12.2022        |          |                    |                   |                                  |          |                   |
|---|-------------------|----------|--------------------|-------------------|----------------------------------|----------|-------------------|
|   | Receivables       |          | Borçlar            |                   |                                  |          |                   |
|   | Short Term        |          | Short Term         |                   | Long Term                        |          |                   |
|   | Trade             | Other    | Trade              | Other             | Cheques given and payment orders | Trade    | Other             |
| <b>Balances with Related Parties</b>                    |                   |          |                    |                   |                                  |          |                   |
| Anelsis Mühendislik Sanayi ve Ticaret A.Ş. (*)          | 1,080,646         | -        | 135,045,558        | 4,151,736         | 1,578,727                        | -        | -                 |
| Epsinom Teknik Hizmetler Ltd. (*)                       | -                 | -        | -                  | 5,292,814         | -                                | -        | -                 |
| Anelnet Teknik Hizmetler Ltd. Şti. (*)                  | 21,142,425        | -        | 1,645,908          | 1,772,757         | -                                | -        | -                 |
| Merve Şirin Çelikel Tombuloğlu                          | -                 | -        | -                  | -                 | -                                | -        | 8,368,276         |
| Mahir Kerem Çelikel                                     | -                 | -        | -                  | -                 | -                                | -        | 18,169,605        |
| Anel Doğa Entegre Geri Dönüşüm Endüstrisi A.Ş. (*) (**) | 28,334            | -        | -                  | 1,878,190         | -                                | -        | 43,003,597        |
| Anel Holding A.Ş. (*)                                   | 415,039           | -        | 4,677,628          | 12,197,429        | -                                | -        | -                 |
| Çelikel Eğitim Vakfı                                    | 28,253            | -        | -                  | -                 | -                                | -        | -                 |
| <b>Total</b>  | <b>22,654,696</b> | <b>-</b> | <b>141,369,094</b> | <b>25,292,927</b> | <b>1,578,727</b>                 | <b>-</b> | <b>69,541,478</b> |

(\*) Interest is accrued under the provisions of TCC regarding non-commercial transactions with related parties (not specified to the payment program). The average interest rate is 26.69% as of 31 December 2022.

(\*\*) Compose of the loan used by Anel Doğa Entegre Geri Dönüşüm Endüstrisi A.Ş during the period.

**ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ  
AND ITS SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND  
FOR THE YEAR ENDED 31 DECEMBER 2023**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

**27. RELATED PARTY DISCLOSURES (Continued)**

Transactions with related parties between 1 January- 31 December 2023 and 1 January - 31 December 2022 are as follows:

|  | <b>01.01-31.12.2023</b>    |                            |                             |                          |                             |  |   |
|--|----------------------------|----------------------------|-----------------------------|--------------------------|-----------------------------|--|---|
| <b>Related Party Transactions</b>              | <b>Stock<br/>Purchases</b> | <b>Interest<br/>Income</b> | <b>Interest<br/>Expense</b> | <b>Service<br/>Sales</b> | <b>Service<br/>Purchase</b> | <b>Exchange<br/>Difference<br/>Expense</b> | <b>Exchange<br/>Difference<br/>Income</b> |
| Anelsis Mühendislik Sanayi ve Ticaret A.Ş.     | 43,079,934                 | -                          | 21,714                      | 1,887,113                | 475,784                     | -  | -   |
| Anelnet Teknik Hizmetler Ltd. Şti.             | -                          | -                          | 1,795,794                   | 817,227                  | 4,312,215                   | -  | -   |
| Anel Doğa Entegre Geri Dönüşüm Endüstrisi A.Ş. | -                          | -                          | 88,500                      | 161,067                  | -                           | -  | -   |
| Çelikel Eğitim Vakfı                           | -                          | -                          | -                           | 20,898                   | -                           | -  | -   |
| Epsinom Teknik Hizmetler Ltd.Şti.              | -                          | 46,062                     | 278,615                     | 2,400                    | 10,604                      | -  | -   |
| Anel Holding A.Ş.                              | -                          | 693,092                    | 1,239,440                   | 1,401,546                | 42,456,965                  | -  | -   |
| <b>Total</b>                                   | <b>43,079,934</b>          | <b>739,154</b>             | <b>3,424,063</b>            | <b>4,290,251</b>         | <b>47,255,568</b>           | <b>-</b>                                   | <b>-</b>                                  |

  

|  | <b>01.01-31.12.2022</b>    |                            |                             |                          |                             |  |   |
|--|----------------------------|----------------------------|-----------------------------|--------------------------|-----------------------------|--|---|
| <b>Related Party Transactions</b>              | <b>Stock<br/>Purchases</b> | <b>Interest<br/>Income</b> | <b>Interest<br/>Expense</b> | <b>Service<br/>Sales</b> | <b>Service<br/>Purchase</b> | <b>Exchange<br/>Difference<br/>Expense</b> | <b>Exchange<br/>Difference<br/>Income</b> |
| Anelsis Mühendislik Sanayi ve Ticaret A.Ş.     | 47,047,919                 | 141,595                    | 109,193                     | 359,311                  | 482,247                     | 907,675                                    | 327,224                                   |
| Anelnet Teknik Hizmetler Ltd. Şti.             | 4,205                      | 1,319                      | 126,296                     | 74,551                   | 3,120,076                   | -  | -   |
| Anel Doğa Entegre Geri Dönüşüm Endüstrisi A.Ş. | -                          | -                          | 143,316                     | 235,551                  | 13,350                      | -  | -   |
| Çelikel Eğitim Vakfı                           | -                          | -                          | -                           | 2,108                    | -                           | -  | -   |
| Epsinom Teknik Hizmetler Ltd.Şti.              | -                          | 3,560,914                  | 3,177,781                   | 5,272                    | 27,639                      | -  | 156,823                                   |
| Anel Holding A.Ş.                              | -                          | 10,895                     | 1,739,966                   | 1,892,647                | 29,815,997                  | -  | -   |
| <b>Total</b>                                   | <b>47,052,124</b>          | <b>3,714,722</b>           | <b>5,296,550</b>            | <b>2,569,441</b>         | <b>33,459,309</b>           | <b>907,675</b>                             | <b>484,048</b>                            |

**ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ  
AND ITS SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND  
FOR THE YEAR ENDED 31 DECEMBER 2023**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

**27. RELATED PARTY DISCLOSURES (Continued)**

Sales of goods consist of various project materials. - Service purchases consist of department attendance, building maintenance, consultancy, electricity - heating - water expenses, food expenses, security expenses, transportation expenses, labor service expenses. - Service sales consist of labor service revenues, building maintenance, consultancy, electricity - heating - water expenses, food revenues, security expenses, transportation expenses and departmental contribution fees. Group’s key management personnel are Board Chairman and Members.

Benefits supplied to key management personnel as of 1 January - 31 December 2023 and 1 January - 31 December 2022 as are as follows:

| <b><u>Benefits Provided by Top-Level Management</u></b> | <b><u>1 January -<br/>31 December 2023</u></b> | <b><u>1 January -<br/>31 December 2022</u></b> |
|---|--|--|
| Employee Short Term Benefits                            | 12,823,311                                     | 18,845,423                                     |
| <b>Total</b>  | <b>12,823,311</b>                              | <b>18,845,423</b>                              |

**28. THE NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS**

**a) Equity Risk Method**

While the group is trying to ensure the continuity of its activities in capital Management, it aims to increase its profitability by using the balance of debt and equity in the most efficient way. The group's capital structure is the debts containing the Note 6 credits, the cash and cash equivalents described in Note 4, and as explained in Note 19; the paid capital, capital correction differences, premiums on shares/discounts, revaluation measurement gains and Losses, foreign currency cycle differences, defined benefit plans gain re-measurement/ is comprised of resource pens including the past year profit/(losses), with restricted reserves, separated from profits.

Group capital cost and each risks regarding capital evaluate by executives. According to the evaluate company aim to equalise the capital structure by borrowing, redemption, dividend payment and issuance of shares.

The Group uses Liabilities/Equity rate while they follow capital sufficiency. This rate is found by net liabilities divided by total equity. Net liabilities is counted by cash and cash equivalents minus total liabilities which appears in balance sheet.

Equity rate to debts as of 31 December 2023 and 31 December 2022 are as follows:

|                                 | <b><u>31.12.2023</u></b> | <b><u>31.12.2022</u></b> |
|---------------------------------|--------------------------|--------------------------|
| Total Debt                      | 1,568,044,087            | 1,669,671,505            |
| Less: Cash and Cash Equivalents | (34,624,600)             | (206,994,356)            |
| Net Debt                        | 1,533,419,487            | 1,462,677,149            |
| Total Equity                    | 2,147,892,343            | 2,019,218,831            |
| Liability/Equity Rate           | 0.714                    | 0.724                    |

Company’s aim is to high profitability and equity to be able to manage its debts.

**b) Financial risk factors**

The Company’s activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company’s overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company’s financial performance.

**b.1) Credit Risk**

Financial losses due to Company’s receivables and financial assets which result from not implementing agreement clauses related to financial assets by a customer or other party constitutes credit risk. Company trying to decrease credit risk by making operations with confidential parties and attain enough collateral. The credit risks that the Company is exposed to and the credit ratings of the customers are periodically monitored. Trade receivables contain lots of customers rathered on different sector and geographical area. Credit consideration making over Customer’s trade receivables permanently.



**ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ  
AND ITS SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND  
FOR THE YEAR ENDED 31 DECEMBER 2023**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

**28. FİNANSAL ARAÇLARDAN KAYNAKLANAN RİSKLERİN NİTELİĞİ VE DÜZEYİ (Devamı)**

**b) Finansal Risk Faktörleri (Devamı)**

**b.1) Credit Risk (Continued)**

| 31.12.2023  |                     |                      |                     |                   |                                 |   |                        |
|---|---------------------|----------------------|---------------------|-------------------|---------------------------------|---|------------------------|
| Current Period  | Receivable          |                      |                     |                   | Cash and<br>Cash<br>Equivalents | Receivables from Ongoing<br>Construction, Contracting<br>or Service Contracts | Financial<br>Investmen |
|   | Trade Receivables   |                      | Other Receivables   |                   |                                 |   |                        |
|   | Releated<br>Parties | 3th Parties          | Releated<br>Parties | 3th Parties       | Banks<br>Deposit                |   |                        |
| <b>The maximum amount of exposure to credit risk at the end of the reporting<br/>(A+B+C+D) (1)</b>            | <b>37,473,489</b>   | <b>1,557,915,351</b> | <b>28,601,212</b>   | <b>12,647,094</b> | <b>32,456,975</b>               | <b>4,554,169,783</b>  | <b>30,012</b>          |
| - Total receivables that have been secured with collateras other credit<br>enhancements etc (*)               | -                   | 1,010,001,697        | -                   | -                 | -                               | -   | -                      |
| A. Financial assets that are neither past due nor impaired the net book value (2)                             | 1,816,156           | 79,803,259           | 28,601,212          | 12,647,094        | 32,456,975                      | 4,554,169,783   | 30,012                 |
| B. The amount of financial assets that are past due as at the end of the reporting<br>period but not impaired | 35,657,333          | 468,110,395          | -                   | -                 | -                               | -   | -                      |
| C. The amount of financial assets that are impaired (3)   | -                   | -                    | -                   | -                 | -                               | -   | -                      |
| - Past due (Gross book value)   | -                   | 2,340,182            | -                   | 5,224,671         | -                               | -   | -                      |
| - The amount of impairment (-)  | -                   | (2,340,182)          | -                   | (5,224,671)       | -                               | -   | -                      |
| - Net value guaranteed with coleteral etc.  | -                   | -                    | -                   | -                 | -                               | -   | -                      |
| - Not overdue (gross book value)  | -                   | -                    | -                   | -                 | -                               | -   | -                      |
| - Impairment (-) (-)  | -                   | -                    | -                   | -                 | -                               | -   | -                      |
| - Net Value guaranteed with colleteral etc  | -                   | -                    | -                   | -                 | -                               | -   | -                      |
| D. Off financial statement credit risk amount   | -                   | -                    | -                   | -                 | -                               | -   | -                      |

(\*) The cash deposits of the projects are covered by the contract of each Project.

(1) It was not considered collaterals taken which is raising credit reliability when the amounts was determined.

(2) All of the trade receivables are receivables from clients. The Group management assumes that it would not be any problem regarding Collection of Receivables due to their historic experiences.

(3) Impairment tests for doubtful receivables have been made in the accordance with the Group policy.

**ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ  
AND ITS SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND  
FOR THE YEAR ENDED 31 DECEMBER 2023**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

**28. THE NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)**

**b) Financial risk factors(Continued)**

**b.1) Credit Risk (Continued)**

|   | 31.12.2022          |                      |                     |                   | Cash and<br>Cash<br>Equivalents | Receivables from Ongoing<br>Construction, Contracting<br>or Service Contracts | Financial<br>Investmen |
|---|---------------------|----------------------|---------------------|-------------------|---------------------------------|---|------------------------|
|   | Receivable          |                      |                     |                   |                                 |   |                        |
|   | Trade Receivables   |                      | Other Receivables   |                   |                                 |   |                        |
| Prior Period  | Releated<br>Parties | 3th Parties          | Releated<br>Parties | 3th Parties       | Banks<br>Deposit                |   |                        |
| <b>The maximum amount of exposure to credit risk at the end of the reporting<br/>(A+B+C+D) (1)</b>            | <b>22,694,696</b>   | <b>1,547,085,248</b> | -                   | <b>20,199,288</b> | <b>206,287,917</b>              | <b>4,003,534,804</b>  | <b>49,857</b>          |
| - Total receivables that have been secured with collateras other credit<br>enhancements etc (*)               | -                   | 975,899,362          | -                   | -                 | -                               | -   | -                      |
| A. Financial assets that are neither past due nor impaired the net book value (2)                             | 2,396,494           | 187,292,234          | -                   | 20,199,288        | 206,287,917                     | 4,003,534,804   | 49,857                 |
| B. The amount of financial assets that are past due as at the end of the reporting<br>period but not impaired | 20,298,198          | 383,893,650          | -                   | -                 | -                               | -   | -                      |
| C. The amount of financial assets that are impaired (3)   | -                   | -                    | -                   | -                 | -                               | -   | -                      |
| - Past due (Gross book value)   | -                   | 2,536,822            | -                   | 8,629,694         | -                               | -   | -                      |
| - The amount of impairment (-)  | -                   | (2,536,822)          | -                   | (8,629,694)       | -                               | -   | -                      |
| - Net value guaranteed with coleteral etc.  | -                   | -                    | -                   | -                 | -                               | -   | -                      |
| - Not overdue (gross book value)  | -                   | -                    | -                   | -                 | -                               | -   | -                      |
| - Impairment (-) (-)  | -                   | -                    | -                   | -                 | -                               | -   | -                      |
| - Net Value guaranteed with colleteral etc  | -                   | -                    | -                   | -                 | -                               | -   | -                      |
| D. Off financial statement credit risk amount   | -                   | -                    | -                   | -                 | -                               | -   | -                      |

(\*) The cash deposits of the projects are covered by the contract of each Project.

(1) It was not considered collaterals taken which is raising credit reliability when the amounts was determined.

(2) All of the trade receivables are receivables from clients. The Group management assumes that it would not be any problem regarding Collection of Receivables due to their historic experiences.

(3) Impairment tests for doubtful receivables have been made in the accordance with the Group policy.

**ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ  
AND ITS SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND  
FOR THE YEAR ENDED 31 DECEMBER 2023**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

**28. THE NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)**

**b) Financial risk factors (Continued)**

**b.2) Liquidity Risk Management**

The main responsibility for liquidity risk management belongs to the Board of directors. The Board of Directors has established a suitable liquidity risk management for short, medium and long-term funding and liquidity requirements of group management. The group manages the risk of liquidity and the continued monitoring of actual cash flows on a regular basis and ensuring the continuation of adequate funds and borrowing reserves through the mapping of the financial assets and liabilities' maturity.

The following table shows the maturity distribution of the group's non-derivative financial obligations. Non-derivative financial obligations are prepared based on the earliest dates required to be paid and not discounted. The interest to be paid over these obligations is included in the table below.

The tables on liquidity risk are listed below:

**Current Period**

| Terms According to Agreements               | Book Value           | According to Contract Total Cash | Up to 3 months (I) | 3 to 12 months (II)  | 1 to 5 years (III) | Over 5 years (IV)  | Demand |
|---|----------------------|----------------------------------|--------------------|----------------------|--------------------|--------------------|--------|
|   |                      | Outflows (=I+II+III+IV)          |                    |                      |                    |                    |        |
| <b>Non Drivatives Financial Liabilities</b> | <b>5,222,280,026</b> | <b>5,230,894,453</b>             | <b>197,977,258</b> | <b>4,078,963,914</b> | <b>833,553,402</b> | <b>120,399,879</b> | -      |
| Bank Loans                                  | 1,568,044,087        | 1,568,044,087                    | -                  | 648,845,247          | 798,798,961        | 120,399,879        | -      |
| Trade Payables                              | 3,529,813,033        | 3,538,427,460                    | 132,592,623        | 3,405,834,837        | -                  | -                  | -      |
| Other Payables                              | 124,422,906          | 124,422,906                      | 65,384,635         | 24,283,830           | 34,754,441         | -                  | -      |

**Prior Period**

| Terms According to Agreements               | Book Value           | According to Contract Total Cash | Up to 3 months (I) | 3 to 12 months (II)  | 1 to 5 years (III) | Over 5 years (IV) | Demand |
|---|----------------------|----------------------------------|--------------------|----------------------|--------------------|-------------------|--------|
|   |                      | Outflows (=I+II+III+IV)          |                    |                      |                    |                   |        |
| <b>Non Drivatives Financial Liabilities</b> | <b>4,523,895,917</b> | <b>4,532,787,326</b>             | <b>168,240,747</b> | <b>4,192,274,484</b> | <b>172,272,095</b> | -                 | -      |
| Bank Loans                                  | 1,669,671,505        | 1,669,671,505                    | -                  | 1,567,661,448        | 102,010,057        | -                 | -      |
| Trade Payables                              | 2,702,287,448        | 2,711,178,857                    | 142,947,821        | 2,568,231,036        | -                  | -                 | -      |
| Other Payables                              | 151,936,964          | 151,936,964                      | 25,292,926         | 56,382,000           | 70,262,038         | -                 | -      |

**b.3) Market Risk Management**

Market risk is the risk of fluctuations in market prices due to the fact that a financial instrument is in good value or in future cash flows negatively affecting a business. These are the risk of foreign currency risk, interest rate risk and price change of financial instruments or commodity.

There is not any change on Group's measurement and management methods of exposure to market risk or exposure to risks in the current year compared to the previous year.

**b.3.1) Foreign Exchange Risk Management**

Foreign currency transactions expose the Group to foreign currency risk. These risks are monitored and limited by the analysis of foreign currency position.

**ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ  
AND ITS SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND  
FOR THE YEAR ENDED 31 DECEMBER 2023**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

**28. THE NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)**

**b) Financial risk factors (Continued)**

**b.3) Market Risk Management (Continued)**

**b.3.1) Foreign Exchange Risk Management (Continued)**

The group's foreign currency denominated monetary and non-monetary assets and liabilities as of the date of the balance sheet are as follows:

| FOREIGN CURRENCY POSITION TABLE   |                      |                    |                    |                |                    |                 |
|---|----------------------|--------------------|--------------------|----------------|--------------------|-----------------|
| 31.12.2023  |                      |                    |                    |                |                    |                 |
|   | TRY<br>Equivalent    | USD                | EUR                | GBP            | AED                | CHF             |
| 1. Trade Receivables  | 109,762,262          | 577,979            | 2,847,298          | -              | -                  | -               |
| 2. Montetary Financial Assets   | 4,254,606            | 75,212             | 62,064             | 503            | -                  | -               |
| 3. Other  | 85,051,884           | 1,448,047          | 1,302,392          | -              | -                  | -               |
| <b>4. Current Assets (1+2+3)</b>  | <b>199,068,752</b>   | <b>2,101,238</b>   | <b>4,211,754</b>   | <b>503</b>     | -                  | -               |
| <b>5. Total Assets (4)</b>  | <b>199,068,752</b>   | <b>2,101,238</b>   | <b>4,211,754</b>   | <b>503</b>     | -                  | -               |
| 6. Trade Payables   | 83,369,325           | 1,359,935          | 1,318,058          | 6,680          | -                  | -               |
| 7. Financial Liabilities  | 14,972,838           | 286,066            | 147,080            | -              | 214,364            | -               |
| 8a. Other Monetary Liabilities  | 25,402,479           | 861,355            | -                  | -              | -                  | -               |
| 8b. Other Non-Monetary Liabilities  | 59,633,575           | 1,376,615          | 567,754            | -              | -                  | 16,841          |
| <b>9. Short Term Liabilities (6+7+8)</b>  | <b>183,378,217</b>   | <b>3,883,971</b>   | <b>2,032,892</b>   | <b>6,680</b>   | <b>214,364</b>     | <b>16,841</b>   |
| 10. Financial Liabilities   | 368,223,328          | -                  | 10,571,786         | -              | 2,868,238          | -               |
| <b>11. Long Term Liabilities</b>  | <b>368,223,328</b>   | -                  | <b>10,571,786</b>  | -              | <b>2,868,238</b>   | -               |
| <b>12. Total Liabilities (9+11)</b>   | <b>551,601,545</b>   | <b>3,883,971</b>   | <b>12,604,678</b>  | <b>6,680</b>   | <b>3,082,602</b>   | <b>16,841</b>   |
| <b>13. Net Foreign Currency Assets / (Liabilities) (5-12)</b>                           | <b>(352,532,793)</b> | <b>(1,782,733)</b> | <b>(8,392,924)</b> | <b>(6,177)</b> | <b>(3,082,602)</b> | <b>(16,841)</b> |
| <b>14. Monetary Items Net Foreign Currency Assets / Liability Position (1+2-6-7-10)</b> | <b>(352,548,623)</b> | <b>(992,810)</b>   | <b>(9,127,562)</b> | <b>(6,177)</b> | <b>(3,082,602)</b> | -               |

| FOREIGN CURRENCY POSITION TABLE   |                      |                    |                    |                |     |                 |
|---|----------------------|--------------------|--------------------|----------------|-----|-----------------|
| 31.12.2022  |                      |                    |                    |                |     |                 |
|   | TRY<br>Equivalent    | USD                | EUR                | GBP            | Qar | CHF             |
| 1. Trade Receivables  | 60,225,171           | 794,249            | 2,276,112          | -              | -   | -               |
| 2. Montetary Financial Assets   | 18,035,833           | 54,159             | 853,478            | 407            | -   | -               |
| 3. Other  | 6,729,509            | 288,525            | 66,947             | -              | -   | -               |
| <b>4. Current Assets (1+2+3)</b>  | <b>84,990,513</b>    | <b>1,136,933</b>   | <b>3,196,537</b>   | <b>407</b>     | -   | -               |
| <b>5. Total Assets (4)</b>  | <b>84,990,513</b>    | <b>1,136,933</b>   | <b>3,196,537</b>   | <b>407</b>     | -   | -               |
| 6. Trade Payables   | 68,328,202           | 3,373,592          | 249,518            | 6,680          | -   | -               |
| 7. Financial Liabilities  | 146,545,850          | -                  | 7,338,006          | -              | -   | -               |
| 8. Other Non Monetary Liabilities   | 16,106,015           | 859,813            | -                  | -              | -   | 14,168          |
| 8b. Other Non Monetary Liabilities  | 13,316,380           | 291,949            | 378,529            | -              | -   | -               |
| <b>9. Short Term Liabilities (6+7+8)</b>  | <b>244,296,447</b>   | <b>4,525,354</b>   | <b>7,966,053</b>   | <b>6,680</b>   | -   | <b>14,168</b>   |
| 10. Financial Liabilities   | 61,909,480           | -                  | 3,100,000          | -              | -   | -               |
| <b>11. Long Term Liabilities</b>  | <b>61,909,480</b>    | -                  | <b>3,100,000</b>   | -              | -   | -               |
| <b>12. Total Liabilities (9+11)</b>   | <b>306,205,927</b>   | <b>4,525,354</b>   | <b>11,066,053</b>  | <b>6,680</b>   | -   | <b>14,168</b>   |
| <b>13. Net Foreign Currency Assets / (Liabilities) (5-12)</b>                           | <b>(221,215,414)</b> | <b>(3,388,421)</b> | <b>(7,869,516)</b> | <b>(6,273)</b> | -   | <b>(14,168)</b> |
| <b>14. Monetary Items Net Foreign Currency Assets / Liability Position (1+2-6-7-10)</b> | <b>(198,522,528)</b> | <b>(2,525,184)</b> | <b>(7,557,934)</b> | <b>(6,273)</b> | -   | -               |

The Group is exposed to foreign exchange risk arising primarily with respect to transactions denominated in US Dollars, Euro, GBP , AED and CHF.

The following table shows the group's US dollars, Euro, British Pound, Swiss Franc, rates to increase the 20% and decrease sensitivity. The ratio of 20% to senior executives is the rate used to report the risk of setup within the company, and the rate of management It represents the possible change in exchange rates. Sensitivity analysis covers only monetary items in the open foreign currency at the end of the year and shows the effects of the 20% exchange rate at the end of the year. Positive value refers to the increase in profit/dice and other equity pens.

**ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ  
AND ITS SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND  
FOR THE YEAR ENDED 31 DECEMBER 2023**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

**28. THE NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)**

**b) Financial risk factors (Continued)**

**b.3.1) Currency Risk Management**

| <b>Exchange Rate Sensitivity Analysis Table</b> |                               |                              |                               |                              |
|---|-------------------------------|------------------------------|-------------------------------|------------------------------|
| <b>31.12.2023</b>                               |                               |                              |                               |                              |
|   | <b>Profit/Loss</b>            |                              | <b>Equity</b>                 |                              |
|   | Foreign currency appreciation | Foreign currency depreciates | Foreign currency appreciation | Foreign currency depreciates |
| 20% change in US Dollars against TRY:           |                               |                              |                               |                              |
| 1- U S Dollar net assets / liabilities          | (10,515,023)                  | 10,515,023                   | -                             | -                            |
| 2- U S Dollar Hedged (-)                        | -                             | -                            | -                             | -                            |
| <b>3- USD Dollar Net Effect (1+2)</b>           | <b>(10,515,023)</b>           | <b>10,515,023</b>            | -                             | -                            |
| 20% change in Euro against TRY:                 |                               |                              |                               |                              |
| 4- Euro net assets / liabilities                | (54,776,586)                  | 54,776,586                   | -                             | -                            |
| 5- Euro Hedged (-)                              | -                             | -                            | -                             | -                            |
| <b>6- Euro Net Effect (4+5)</b>                 | <b>(54,776,586)</b>           | <b>54,776,586</b>            | -                             | -                            |
| 20% change in GBP against TRY:                  |                               |                              |                               |                              |
| 7- GBP net assets / liabilities                 | (46,497)                      | 46,497                       | -                             | -                            |
| 8- GBP Hedged (-)                               | -                             | -                            | -                             | -                            |
| <b>9- GBP Net Effect (7+8)</b>                  | <b>(46,497)</b>               | <b>46,497</b>                | -                             | -                            |
| 20% change in QAR against TRY:                  |                               |                              |                               |                              |
| 10- AED net assets / liabilities                | (4,995,048)                   | 4,995,048                    | -                             | -                            |
| 11- AED Hedged (-)                              | -                             | -                            | -                             | -                            |
| <b>12- AED Net Effect (10+11)</b>               | <b>(4,995,048)</b>            | <b>4,995,048</b>             | -                             | -                            |
| 20% change in CHF against TRY:                  |                               |                              |                               |                              |
| 13- CHF net assets / liabilities                | (101,624)                     | 101,624                      | -                             | -                            |
| 14- CHF Hedged(-)                               | -                             | -                            | -                             | -                            |
| <b>15- CHF Net Effect(10+11)</b>                | <b>(101,624)</b>              | <b>101,624</b>               | -                             | -                            |
| <b>TOTAL (3+6+9+12+15)</b>                      | <b>(70,434,778)</b>           | <b>70,434,778</b>            | -                             | -                            |

| <b>Exchange Rate Sensitivity Analysis Table</b> |                               |                              |                               |                              |
|---|-------------------------------|------------------------------|-------------------------------|------------------------------|
| <b>31.12.2022</b>                               |                               |                              |                               |                              |
|   | <b>Profit/Loss</b>            |                              | <b>Equity</b>                 |                              |
|   | Foreign currency appreciation | Foreign currency depreciates | Foreign currency appreciation | Foreign currency depreciates |
| 20% change in US Dollars against TRY:           |                               |                              |                               |                              |
| 1- U S Dollar net assets / liabilities          | (12,694,380)                  | 12,694,380                   | -                             | -                            |
| 2- U S Dollar Hedged (-)                        | -                             | -                            | -                             | -                            |
| <b>3- USD Dollar Net Effect (1+2)</b>           | <b>(12,694,380)</b>           | <b>12,694,380</b>            | -                             | -                            |
| 20% change in Euro against TRY:                 |                               |                              |                               |                              |
| 4- Euro net assets / liabilities                | (31,432,106)                  | 31,432,106                   | -                             | -                            |
| 5- Euro Hedged (-)                              | -                             | -                            | -                             | -                            |
| <b>6- Euro Net Effect (4+5)</b>                 | <b>(31,432,106)</b>           | <b>31,432,106</b>            | -                             | -                            |
| 20% change in GBP against TRY:                  |                               |                              |                               |                              |
| 7- GBP net assets / liabilities                 | (28,362)                      | 28,362                       | -                             | -                            |
| 8- GBP Hedged (-)                               | -                             | -                            | -                             | -                            |
| <b>9- GBP Net Effect (7+8)</b>                  | <b>(28,362)</b>               | <b>28,362</b>                | -                             | -                            |
| 20% change in CHF against TRY:                  |                               |                              |                               |                              |
| 10- CHF net assets / liabilities                | (57,612)                      | 57,612                       | -                             | -                            |
| 11- CHF Hedged(-)                               | -                             | -                            | -                             | -                            |
| <b>12- CHF Net Effect(10+11)</b>                | <b>(57,612)</b>               | <b>57,612</b>                | -                             | -                            |
| <b>TOTAL (3+6+9+12)</b>                         | <b>(44,212,460)</b>           | <b>44,212,460</b>            | -                             | -                            |

Group does not hedge foreign exchange liabilities arising from the operations through the use of derivative financial instruments.

**b.3.2) Interest Rate Risk Management**

Changes in market interest rates lead to the fact that financial instruments are worth a fair value or fluctuations in future cash flows, the group's need to cope with the risk of interest rate. Risk prevention strategies are assessed regularly to comply with the interest rate expectation and the defined risk. Thus, the creation of the optimal risk prevention strategy, the review of the position of the balance sheet and the interest expenditures to be kept under the control of different interest rates is aimed. All of the financial obligations of the Group consist of fixed interest loans. Therefore, there is no interest rate risk calculation for interest changes (31 December 2022: None).

Group management believes that the carrying values of financial instruments present their fair values.

**ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ  
AND ITS SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND  
FOR THE YEAR ENDED 31 DECEMBER 2022**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

**29. FINANCIAL INSTRUMENTS (FAIR VALUE OF FINANCIAL RISK MANAGEMENT DISCLOSURES)**

Group management believes that the carrying values of financial instruments present their fair values.

|                              | Carried at Fair Value   | Credits and Receivables (Cash and Cash Equivalents) | Available for sale Financial Assets | Other Financial Valued at Amortized Cost Value | Other Financial Valued at Amortized Cost Value | Book Value    | Note |
|------------------------------|-------------------------|---|-------------------------------------|--|--|---------------|------|
| <b>31 December 2022</b>      | <b>Financial Assets</b> |   |                                     |  |  |               |      |
| <b>Financial Assets</b>      |                         |   |                                     |  |  |               |      |
| Cash and Cash Equivalents    | -                       | 34,624,600  | -                                   | -  | -  | 34,624,600    | 4    |
| Trade Receivables            | -                       | 1,595,388,840                                       | -                                   | -  | -  | 1,595,388,840 | 7.27 |
| Financial Investments        | 30,012                  | -   | -                                   | -  | -  | 30,012        | 5    |
| <b>Financial Liabilities</b> |                         |   |                                     |  |  |               |      |
| Financial Liabilities        | -                       | -   | -                                   | 1,568,044,087                                  | 1,568,044,087                                  |               | 6    |
| Trade Payables               | -                       | -   | -                                   | 3,529,813,033                                  | 3,529,813,033                                  |               | 7.27 |
| Other Financial Liabilities  | -                       | -   | -                                   | 12,434,392                                     | 12,434,392                                     |               |      |
| <b>31 December 2021</b>      |                         |   |                                     |  |  |               |      |
| <b>Financial Assets</b>      |                         |   |                                     |  |  |               |      |
| Cash and Cash Equivalents    | -                       | 206,994,356   | -                                   | -  | -  | 206,994,356   | 4    |
| Trade Receivables            | -                       | 1,569,779,943                                       | -                                   | -  | -  | 1,569,779,943 | 7.27 |
| Financial Investments        | 49,857                  | -   | -                                   | -  | -  | 49,857        | 5    |
| <b>Financial Liabilities</b> |                         |   |                                     |  |  |               |      |
| Financial Liabilities        | -                       | -   | -                                   | 1,669,671,505                                  | 1,669,671,505                                  |               | 6    |
| Trade Payables               | -                       | -   | -                                   | 2,702,287,448                                  | 2,702,287,448                                  |               | 7.27 |
| Other Financial Liabilities  | -                       | -   | -                                   | 3,653,565                                      | 3,653,565                                      |               |      |

**ANEL ELEKTRİK PROJE TAAHHÜT VE TİCARET ANONİM ŞİRKETİ  
AND ITS SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS AT AND  
FOR THE YEAR ENDED 31 DECEMBER 2022**

(Amounts expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

**29. FINANCIAL INSTRUMENTS (FAIR VALUE OF FINANCIAL RISK MANAGEMENT DISCLOSURES)  
(Continued)**

Financial Instrument fair values determine as follows:

- First Level: Financial assets and liabilities are valued at the market prices traded on the active market for the same assets and liabilities.
- Second Level: Financial assets and liabilities may be found on the market as a direct or indirect price other than the market price of the relevant asset or liability at the first level is valued from the entries used.
- Third Level: Financial assets and liabilities are valued from inputs that are not based on an observable data in the market used to find the value of the asset or obligation to be true.

The fair value levels of financial assets and level of classification is as follows:

| <b>Financial Assets</b> | <b>31.12.2023</b>    | <b>The level of the fair value<br/>at the reporting date</b> |                           |                          |
|-------------------------|----------------------|--|---------------------------|--------------------------|
|                         |                      | <b>First Level (TRY)</b>                                     | <b>Second Level (TRY)</b> | <b>Third Level (TRY)</b> |
| Investment properties   | 1,725,958,142        | -  | 1,725,958,142             | -                        |
| Marketable securities   | 30,012               | 30,012   | -                         | -                        |
| <b>Total</b>            | <b>1,725,988,154</b> | <b>30,012</b>  | <b>1,725,958,142</b>      | <b>-</b>                 |

| <b>Financial Assets</b> | <b>31.12.2022</b>    | <b>The level of the fair value<br/>at the reporting date</b> |                           |                          |
|-------------------------|----------------------|--|---------------------------|--------------------------|
|                         |                      | <b>First Level (TRY)</b>                                     | <b>Second Level (TRY)</b> | <b>Third Level (TRY)</b> |
| Investment properties   | 1,748,232,533        | -  | 1,748,232,533             | -                        |
| Marketable securities   | 49,857               | 49,857   | -                         | -                        |
| <b>Total</b>            | <b>1,748,282,390</b> | <b>49,857</b>  | <b>1,748,232,533</b>      | <b>-</b>                 |

**30. EXPLANATIONS RELATED TO STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY**

For the year ended 31 December 2023, the Group's shareholders' equity amounting to TRY 2,098,95,665 consists of shareholders' equity of the Parent Company TRY 48,941,678 (31 December 2022: TRY 1,980,574,349 and TRY 38,644,482).

**31. EVENTS AFTER THE REPORTING PERIOD**

Salı Pazarı Port Project in Beyoğlu district of Istanbul the monetary value of the works carried out regarding the construction of Salı Pazarı Port Project and Paket Postanesi Elektrik & Mekanik İşleri is 90,984,213 TL, 12,628,677 USD excluding VAT and Galataport Project, which costs 9,009,081 Euros and whose contract was signed on February 15, 2019, is carried out by our company. completed. The Final Acceptance Certificate dated April 4, 2024, signed by the employer of the project, Galataport İstanbul Liman İşletmecilik ve Yatırımları A.Ş., was notified to us on April 25, 2024.

On April 1, 2024, Anel Engineering & Contracting Ltd. company and Shotton Mill Ltd. located in England. Shotton Paper Processing Factory Project Mechanical and Electrical works contract was signed between the company. The contract price is 154,000,000 GBP (One Hundred fifty-four million British Pounds) and is planned to be completed in 2025.

Regarding the Abu Dhabi Arbitration process, whose hearings were completed in December 2023 and written submissions (closing submission) were submitted in February 2024, the Arbitration Commission announced that the decision date, which was determined as 17 May 2024 in the first calendar, has been extended until 17 September 2024.