

**TEKFEN HOLDİNG ANONİM ŐİRKETİ
AND ITS SUBSIDIARIES**

CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE THREE MONTH
INTERIM PERIOD
ENDED 31 MARCH 2024

(Translated into English from the report
originally issued in Turkish)

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TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2024

(Amounts expressed in thousands of Turkish Lira (TRY) in terms of purchasing power of the TRY at 31 March 2024 unless otherwise indicated.)

ASSETS	Notes	Unreviewed 31 March 2024	Audited 31 December 2023
Current Assets		28.812.159	31.538.462
Cash and cash equivalents	7	10.846.088	7.586.090
Financial investments	4	67.997	1.265.638
Trade receivables	8	4.781.696	6.898.705
- Related party receivables		117.110	68.774
- Trade receivables		4.664.586	6.829.931
Other receivables		212.405	200.364
- Other receivables		212.405	200.364
Contract assets arising from ongoing construction works	9	1.836.057	1.244.558
Derivative instruments	21	49.051	41.437
Inventories	10	8.410.112	11.367.285
Prepaid expenses		1.134.442	1.242.556
- Prepaid expenses		1.134.442	1.242.556
Assets related to current tax		333.510	538.847
Other current assets		1.019.759	1.007.970
- Other current assets		1.019.759	1.007.970
		<u>28.691.117</u>	<u>31.393.450</u>
Assets classified as held for sale		121.042	145.012
Non-Current Assets		28.565.923	29.154.753
Financial investments	4, 23	4.022.673	3.596.965
Trade receivables	8	1.165.649	1.148.762
- Trade receivables		1.165.649	1.148.762
Other receivables		124.549	130.760
- Other receivables		124.549	130.760
Investments valued by equity method	11	1.870.527	1.991.919
Investment property	12	1.796.989	1.861.171
Property, plant and equipment	12	17.602.665	17.778.199
Right-of-use assets	12	441.543	464.913
Intangible assets	12	439.364	448.393
- Goodwill		276.842	276.842
- Other intangible assets		162.522	171.551
Prepaid expenses		39.701	72.726
- Prepaid expenses		39.701	72.726
Deferred tax assets		939.921	1.520.152
Other non-current assets		122.342	140.793
- Other non-current assets		122.342	140.793
TOTAL ASSETS		<u>57.378.082</u>	<u>60.693.215</u>

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

Translated into English from the report originally issued in Turkish.

TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2024

(Amounts expressed in thousands of Turkish Lira (TRY) in terms of purchasing power of the TRY at 31 March 2024 unless otherwise indicated.)

LIABILITIES	Notes	Unreviewed 31 March 2024	Audited 31 December 2023
Current Liabilities		28.166.955	31.198.508
Short-term borrowings	13	7.085.196	7.352.887
Short-term portion of long-term borrowings		428.013	440.427
Trade payables	8	10.720.024	12.691.332
- Related party payables		52.770	104.743
- Trade payables		10.667.254	12.586.589
Payables related to employee benefits		538.806	457.681
Other payables		809.222	583.555
- Related party payables		11.658	13.494
- Other payables		797.564	570.061
Contract liabilities arising from ongoing construction works	9	1.288.619	1.754.250
Derivative instruments	21	28.018	77.945
Deferred revenue		3.984.000	3.619.488
- Deferred revenue		3.984.000	3.619.488
Current tax liability		268.497	721.005
Short-term provisions	14	2.951.731	3.460.026
- Short-term provisions attributable to employee benefits		303.964	341.425
- Other short-term provisions		2.647.767	3.118.601
Other short-term liabilities		64.829	39.912
- Other short-term liabilities		64.829	39.912
Non-Current Liabilities		4.051.947	4.144.225
Long-term borrowings	13	2.539.525	2.770.326
Trade payables	8	105.763	89.265
- Trade payables		105.763	89.265
Other payables		177.789	185.866
- Other payables		177.789	185.866
Deferred revenue		1.049	1.049
- Deferred revenue		1.049	1.049
Long-term provisions	14	757.389	742.278
- Long-term provisions attributable to employee benefits		757.389	742.278
Deferred tax liabilities		470.432	355.441
TOTAL LIABILITIES		32.218.902	35.342.733
EQUITY		25.159.180	25.350.482
Equity Attributable To Owners Of The Parent	5, 17	24.790.890	24.960.454
Paid in capital		370.000	370.000
Capital structure adjustment		5.410.282	5.410.282
Repurchased Shares (-)		(35.208)	-
Premiums in capital stock		4.427.218	4.427.218
Accumulated other comprehensive income (loss) that will not be reclassified to profit or loss		(1.889.362)	(2.575.340)
- Loss on investments in equity instruments (-)		(1.701.733)	(2.374.822)
- Loss on revaluation and remeasurement (-)		(187.629)	(200.518)
Accumulated other comprehensive income that will be reclassified to profit or loss		663.944	924.146
- Currency translation reserve		633.788	934.971
- Hedging reserve		30.156	(10.825)
Legal reserves		3.939.851	3.904.643
Prior years' income		12.434.836	13.822.450
Net loss for the period		(530.671)	(1.322.945)
Non-controlling Interests		368.290	390.028
TOTAL LIABILITIES AND EQUITY		57.378.082	60.693.215

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

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TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2024

(Amounts expressed in thousands of Turkish Lira (TRY) in terms of purchasing power of the TRY at 31 March 2024 unless otherwise indicated.)

	Notes	Unreviewed 1 January - 31 March 2024	Unreviewed 1 January - 31 March 2023
Revenue	6	16.068.090	15.745.406
Cost of revenue (-)		(14.130.693)	(15.662.621)
GROSS PROFIT		1.937.397	82.785
General administrative expenses (-)		(573.781)	(491.392)
Marketing expenses (-)		(996.878)	(719.812)
Research and development expenses (-)		(20.479)	(18.951)
Other operating income	19	751.630	465.730
Other operating expenses (-)	19	(1.034.660)	(902.581)
Share on profit (loss) of investments valued by equity method	11	(26.833)	68.111
OPERATING PROFIT (LOSS)		36.396	(1.516.110)
Investment income	4	278.819	228.478
Investment expense (-)	4	(216.276)	(26.861)
PROFIT (LOSS) BEFORE FINANCIAL INCOME (EXPENSE)		98.939	(1.314.493)
Financial income	20	397.273	229.253
Financial expenses (-)	20	(680.229)	(254.149)
Net monetary position gain		276.925	25.030
PROFIT (LOSS) FROM CONTINUING OPERATIONS BEFORE TAXATION		92.908	(1.314.359)
Tax Expense from Continuing Operations (-)		(626.088)	(563.341)
Tax expense for the period (-)		(134.286)	(565.941)
Deferred tax income (expense)		(491.802)	2.600
LOSS FROM CONTINUING OPERATIONS FOR THE PERIOD		(533.180)	(1.877.700)
Distribution of Profit (Loss) for the Period			
Non-controlling interests		(2.509)	13.641
Owners of the parent	18	(530.671)	(1.891.341)
Earnings Per Share	18	(1,437)	(5,112)

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TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2024

(Amounts expressed in thousands of Turkish Lira (TRY) in terms of purchasing power of the TRY at 31 March 2024 unless otherwise indicated.)

	Unreviewed 1 January- 31 March 2024	Unreviewed 1 January - 31 March 2023
LOSS FOR THE PERIOD	(533.180)	(1.877.700)
OTHER COMPREHENSIVE INCOME:		
<u>Items that will not be reclassified to profit or loss</u>	685.978	171.033
Gain (loss) on investments in equity instruments	709.670	128.353
Gain (loss) on revaluation of defined benefit plans	17.368	40.670
Taxes based on other comprehensive income that will not be reclassified to profit or loss	(41.060)	2.010
- <i>Deferred tax expense</i>	(41.060)	2.010
<u>Items that will be reclassified to profit or loss</u>	(279.431)	(547.346)
Currency translation reserve differences	(320.412)	(747.917)
Other comprehensive income (expense) related to cash flow hedging	54.641	250.713
Taxes based on other comprehensive income that will be reclassified to profit or loss	(13.660)	(50.142)
- <i>Deferred tax (income) expense (-)</i>	(13.660)	(50.142)
OTHER COMPREHENSIVE INCOME	406.547	(376.313)
TOTAL COMPREHENSIVE INCOME (EXPENSE)	(126.633)	(2.254.013)
Distribution of Total Comprehensive Income (Loss) for the Period		
Non-controlling interests	(21.738)	(20.479)
Owners of the parent	(104.895)	(2.233.534)

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TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2024

(Amounts expressed in thousands of Turkish Lira (TRY) in terms of purchasing power of the TRY at 31 March 2024 unless otherwise indicated.)

	Paid in capital	Capital structure adjustment	Repurchased shares	Premiums in capital stock	Items not to be reclassified to profit or loss	Items to be reclassified to profit or loss	Retained Earnings					Equity attributable to owners of the parent	Non-controlling interests	Equity	
					Gain (loss) on investments in equity instruments	Gain (loss) on revaluation and remeasurement	Currency translation reserve	Gains (loss) on hedging	Legal reserves	Prior years' income	Net profit for the (loss) period				
Unreviewed															
Opening balance as of 1 January 2023	370.000	5.410.282	-	4.427.218	(2.216.021)	(219.894)	1.931.595	(523.421)	3.663.661	14.301.269	1.598.178	28.742.867	403.815	29.146.682	
Transfers	-	-	-	-	-	-	-	-	175.172	1.423.006	(1.598.178)	-	-	-	
Total comprehensive income (expense)	-	-	-	-	133.064	37.969	(713.797)	200.571	-	-	(1.891.341)	(2.233.534)	(20.479)	(2.254.013)	
- Profit (loss) for the period	-	-	-	-	-	-	-	-	-	-	(1.891.341)	(1.891.341)	13.641	(1.877.700)	
- Other comprehensive income (expense)	-	-	-	-	133.064	37.969	(713.797)	200.571	-	-	-	(342.193)	(34.120)	(376.313)	
Dividends	-	-	-	-	-	-	-	-	-	(274.164)	-	(274.164)	-	(274.164)	
Closing balance as of 31 March 2023	370.000	5.410.282	-	4.427.218	(2.082.957)	(181.925)	1.217.798	(322.850)	3.838.833	15.724.275	(1.891.341)	26.509.333	383.336	26.892.669	
Unreviewed															
Opening balance as of 1 January 2024	370.000	5.410.282	-	4.427.218	(2.374.822)	(200.518)	934.971	(10.825)	3.904.643	13.822.450	(1.322.945)	24.960.454	390.028	25.350.482	
Transfers	-	-	-	-	-	-	-	-	-	(1.322.945)	1.322.945	-	-	-	
Total comprehensive income	-	-	-	-	673.089	12.889	(301.183)	40.981	-	-	(530.671)	(104.895)	(21.738)	(126.633)	
- Profit (loss) for the period	-	-	-	-	-	-	-	-	-	-	(530.671)	(530.671)	(2.509)	(533.180)	
- Other comprehensive income (expense)	-	-	-	-	673.089	12.889	(301.183)	40.981	-	-	-	425.776	(19.229)	406.547	
Increase (decrease) due to changes in the proportion of shares in subsidiaries that doesn't result in loss of control	-	-	-	-	-	-	-	-	-	(29.461)	-	(29.461)	-	(29.461)	
Increase due to share buyback transactions	-	-	(35.208)	-	-	-	-	-	35.208	(35.208)	-	(35.208)	-	(35.208)	
Closing balance as of 31 March 2024	370.000	5.410.282	-	4.427.218	(1.701.733)	(187.629)	633.788	30.156	3.939.851	12.434.836	(530.671)	24.790.890	368.290	25.159.180	

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TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2024

(Amounts expressed in thousands of Turkish Lira (TRY) in terms of purchasing power of the TRY at 31 March 2024 unless otherwise indicated.)

	Notes	Unreviewed 1 January - 31 March 2024	Unreviewed 1 January - 31 March 2023
A. CASH FLOWS FROM OPERATING ACTIVITIES		4,754,715	2,556,194
Profit for the Period		(533.180)	(1.877.700)
Adjustments to Reconcile Net Profit		1.814.555	1.701.210
- Depreciation and Amortization	12	409.595	408.268
- Impairment/Reversed Provision	10	(18.927)	(15.586)
- Provision Adjustments	8, 14	(187.100)	12.728
- Dividend Income and Expenses		(831)	(33.453)
- Interest Income and Expense Adjustments	20	150.721	126.493
- Gain/Loss on Fair Valuation	4,23	(2.377)	17.596
- Group's Share on Profit of Investments in Associates Accounted by Equity Method	11	26.833	(68.111)
- Allowance for Taxation		626.088	563.341
- Adjustments for Gain/Loss on Sale of Fixed Assets	12	(31.999)	(55.452)
- Adjustments for Gain/Loss from Monetary Items		842.552	745.386
Movements in Working Capital		4.075.105	3.269.649
- Changes in Financial Investments	4	1.197.641	1.326.718
- Changes in Trade Receivables	8	2.124.540	145.910
- Changes in Other Assets		832	29.263
- Changes in Contract Assets Arising from Ongoing Construction Works	9	(591.499)	(198.752)
- Changes in Inventories	10	2.962.968	5.680.501
- Changes in Prepaid Expenses		112.920	(83.031)
- Changes in Trade Payables	8	(1.956.646)	(4.175.338)
- Changes in Payables Related to Employee Benefits		81.125	160.791
- Changes in Contract Liabilities Arising from Ongoing Construction Works	9	(465.631)	(213.817)
- Changes in Other Liabilities		244.343	(61.492)
- Changes in Deferred Revenue		364.512	658.896
Cash Generated by Operating Activities		5.356.480	3.093.159
Interest Paid		(286.083)	(171.828)
Interest Received		115.236	45.335
Payments Related to Employee Benefits	14	(49.231)	(292.047)
Other Provision Paid	14	(229)	(297)
Tax Paid/Return		(381.458)	(118.128)
B. CASH FLOWS FROM INVESTING ACTIVITIES		(273.269)	(204.634)
Cash Outflows for Payments due to Additional Share Acquisition of Subsidiaries	1	(31.882)	-
Cash Outflows for Acquisition of Shares in Other Entities or Shares in Funds or Borrowing Instruments	4,23	(4.631)	-
Proceeds from Sales of Tangible and Intangible Assets	12	78.725	80.129
Acquisition of Tangible and Intangible Assets	12	(337.271)	(283.078)
Acquisition of Investment Properties	12	(7.260)	-
Advances and Debts Given		28.219	(1.685)
Dividend Received		831	-
C. CASH FLOWS FROM FINANCING ACTIVITIES		446.215	379.219
Cash Outflows for Payments due to Repurchased Shares	5	(35.208)	-
Proceeds from Borrowings		1.159.515	2.602.367
Repayments of Borrowings		(642.607)	(2.201.788)
Payments of Lease Obligations		(35.485)	(21.360)
CHANGE IN CASH AND CASH EQUIVALENTS BEFORE CURRENCY TRANSLATION RESERVE EFFECT		4,927,661	2,730,779
D. CURRENCY TRANSLATION RESERVE EFFECT ON CASH AND CASH EQUIVALENTS		(522.826)	(324.321)
MONETARY LOSS ON CASH AND CASH EQUIVALENTS		(1.144.837)	(935.722)

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TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

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

(Amounts expressed in thousands of Turkish Lira (TRY) in terms of purchasing power of the TRY at 31 March 2024 unless otherwise indicated.)

1. ORGANIZATION AND OPERATIONS OF THE GROUP

Majority shares of Tekfen Holding A.Ş. (“the Company”) are controlled by Berker, Gökyiğit and Akçağlılar families. The Company and its subsidiaries are referred as “the Group” in the accompanying condensed consolidated financial statements.

As of 31 March 2024, the Group has 11.535 employees (31 December 2023: 11.878) including the personnel of subcontractors. Registered address of the Company is Kültür Mahallesi, Budak Sokak, Tekfen Sitesi A Blok, No: 7, Beşiktaş, İstanbul, Türkiye.

The Company shares are being publicly traded in Borsa Istanbul since 23 November 2007.

As of March 31, 2024, changes within the Group structure are as follows:

An agreement reached on 1 March 2024, involves the acquisition of the remaining 30% stake in Toros Gönen Yenilenebilir Enerji Üretim A.Ş., a subsidiary in which Grup holds a direct participation of 70% through its subsidiary Toros Tarım Sanayi ve Ticaret A.Ş., for a consideration of 1.000.000 USD.

Tekmarmara Enerji Üretim A.Ş. was established on 15 March 2024.

Approval of condensed consolidated financial statements:

The condensed consolidated financial statements are approved and published by the Board of Directors as of 13 June 2024.

2. BASIS OF PRESENTATION OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The Company and its subsidiaries registered in Turkey maintain their books of account and prepare their statutory financial statements in accordance with the accounting principles in line with the Turkish Commercial Code (“TCC”) and Tax Legislation. Subsidiaries those are registered in foreign countries maintain their books of account and prepare their statutory financial statements in local currencies and in accordance with the prevailing accounting principles in their registered countries.

The accompanying condensed consolidated financial statements have been prepared in accordance with the Communiqué Series II, 14.1 “Communiqué on the Principles of Financial Reporting In Capital Markets” (“the Communiqué”) announced by the Capital Markets Board (“CMB”) on 13 June 2013 which is published on Official Gazette numbered 28676. Turkish Accounting and Financial Reporting Standards (“TFRS”) and additions and interpretations regarding these standards as adopted by the Public Oversight Accounting and Auditing Standards Authority (“POA”) are predicated on in accordance with article 5th of the Communiqué.

The condensed consolidated financial statements and notes are presented in accordance with the formats of Examples of Financial Statements and Usage Guide announced by CMB and “Announcement regarding to TFRS Taxonomy” which was published by POA on 04 October 2022.

The Group has preferred to disclose its interim consolidated financial statements as of 31 March 2024 in condensed format in accordance with TAS 34 “Interim Financial Reporting” standard. The descriptions and disclosures which are needed in the financial statements prepared annually complying with TFRS are summarized appropriately in accordance with TAS 34 or not mentioned.

The accompanying condensed consolidated financial statements have to be considered with the consolidated financial statements which are independently audited as of 31 December 2023 and the related disclosures. Interim periods’ financial statements cannot be the sole indicator of the year-end results by themselves.

For the condensed consolidated financial statements, the Group continues to apply the same accounting policies and accounting estimate methods which are mentioned in the audited consolidated financial statements as of 31 December 2023.

Exchange rates used in the consolidation process as of 31 March 2023 are; 1 USD= 32,2854 TL, 1 EUR= 34,8023 TL, 1 AZN= 18,9914 TL, 1 SAR= 8,6094 TL, 1 QAR= 8,8453 TL, 1 RON= 6,9628 (Exchange rates as of 31 December 2023 are; 1 USD= 29,4382 TRY, 1 EUR= 32,5739 TRY, 1 AZN= 17,3166 TRY, 1 SAR= 7,8502 TRY, 1 QAR= 8,0653 TRY, 1 RON= 6,5113).

Summary consolidated financial statements have been prepared on the historical cost basis adjusted for the effects of inflation on the Turkish Lira as of the reporting date, in accordance with IAS 29 Financial Reporting in Hyperinflationary Economies, except for monetary assets and liabilities and the assets and liabilities measured at fair value as mentioned below:

- Financial assets and derivative financial instruments measured at fair value through profit or loss,
- Financial assets measured at fair value through other comprehensive income.

In determining historical cost, the fair value of the amount paid for assets at the date of acquisition is generally used.

Financial Reporting in Hyperinflationary Economies

Entities applying IFRS have started to implement inflation accounting according to IAS 29 Financial Reporting in Hyperinflationary Economies for their financial statements for annual reporting periods ending on or after 31 December 2023, following the announcement made by the Public Oversight, Accounting and Auditing Standards Authority (KGK) on 23 November 2023. TAS 29, businesses in a currency of a highly inflationary economy apply it in their financial statements, including interim condensed consolidated financial statements. TAS 29 is applied in the financial statements of entities whose functional currency is the currency of a hyperinflationary economy, including interim condensed consolidated financial statements.

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

(Amounts expressed in thousands of Turkish Lira (TRY) in terms of purchasing power of the TRY at 31 March 2024 unless otherwise indicated.)

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

Financial Reporting in Hyperinflationary Economies (cont'd)

According to the standard, financial statements prepared in the currency of a hyperinflationary economy are presented in terms of the purchasing power of that currency at the balance sheet date. Prior period financial statements are also presented in the current measurement unit at the end of the reporting period for comparative purposes. The Group has therefore presented its consolidated financial statements as of 31 December 2023 and 31 March 2023 on the purchasing power basis as of 31 March 2024.

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

The adjustments made in accordance with TAS 29 have been calculated using the correction coefficient obtained from the Consumer Price Index ("CPI") published by the Turkish Statistical Institute ("TÜİK"). As of March 31, 2024, the indices and correction coefficients used in the correction of consolidated financial statements are as follows:

Year End	Index	Conversion Factor	Three-year Inflation Rate
31 March 2024	2.139,47	1,00000	309%
31 December 2023	1.859,38	1,15063	268%
31 March 2023	1.269,75	1,68495	182%

The main elements of the Group's adjustment process for financial reporting in hyperinflationary economies are as follows:

- Consolidated financial statements are expressed in terms of the purchasing power at the balance sheet date of the current period. Consolidated financial statements from the previous period have also been adjusted for the purchasing power of the current period.
- Monetary assets and liabilities are already expressed based on the purchasing power at the end of the reporting period and therefore are not adjusted. Monetary items are money held and items to be received or paid in money.
- Non-monetary assets, liabilities and equity are adjusted based on the purchasing power of the current period.
- All items in the income statement, except for the effects of non-monetary items in the balance sheet on the income statement, have been restated by applying the multiples calculated over the periods when they were initially recognized in the financial statements.
- The impact of inflation on the Group's net monetary asset position in the current period is recorded in the net monetary gain/(loss) account in the consolidated income statement.

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3. ADOPTION OF NEW AND REVISED STANDARDS

New and revised standards and interpretations are presented below:

- (a) **Standards, amendments and interpretations to existing standards that are effective as of the year 2024, but not affecting the condensed consolidated financial statements of the Group:**
- IAS 1 (Amendments), "Classification of Liabilities as Current or Non-current"
 - IFRS 16 (Amendments), "Leases - Sale and Leaseback Transactions"
 - IAS 12 (Amendments), "International Tax Reform – Second Pillar Model Rules"
 - IAS 7 and IFRS 7 (Amendments), "Supplier Finance Arrangements"
- (b) **Standards and interpretations and amendments to existing standards that are issued but not yet effective and have not been early adopted by the Group:**
- IFRS 17, "Insurance Contracts"
 - IFRS 10 and IAS 28 (Amendments), "Sales or Contributions of Assets between an Investor and its Associate or Joint Venture"
- (c) **Changes published by the International Accounting Standards Board (IASB) but not yet published by the Public Oversight, Accounting and Auditing Standards Authority (KGK):**
- IAS 21 (Amendments), "Non-Convertible Currency"
 - IFRS 18, "Presentation and Disclosure in New Financial Statements Standard"

The Group is assessing the impact of standards, amendments, and interpretations that have been published but are not yet effective as of 31 March 2024, on the consolidated financial position and performance.

4. EVENTS AND TRANSACTIONS MATERIALLY AFFECTING THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Construction Projects

In order to compensate for the losses caused by the negativities in various construction projects in the past years, the processes envisaged in the contracts with the employer administrations have been initiated and the negotiations with the administrations are continue as of the report date.

The compensation and claim files prepared by the contract department together with international expert consulting firms have been submitted to the employer administrations. The Engineering and Contracting segment, which continues to work within the framework of contractual obligations during the extraordinary period, by taking every possible and reasonable precautions, will continue to negotiate diligently for these justified demands to be concluded positively.

Current information about related projects is as follows:

Qatar - Al-Thumama Stadium Project:

A contract was signed on 10 December 2017, between Tekfen-Al Jaber J.V., in which Tekfen İnşaat holds a 50% share, and the Employer administration Qatar Supreme Committee for Delivery and Legacy. The engineering and construction works of the Al Thumama stadium complex, which hosted the 2022 FIFA World Cup finals with a capacity of 44.400 spectators, were undertaken.

During the construction period, changes were made in the project's design to comply with FIFA Standards at the request of the Employer administration, resulting in an increase in the project's end-of-project costs. The entire increase, proportional to the Group's share, has been included in the consolidated financial statements in previous years. As of the balance sheet date, an agreement has been reached with the Employer administration to compensate for losses with partners, amounting to 365.960.087 Qatari Riyals. The entire agreed amount has been transferred to the partnership account on 11 January 2024. Activities under the warranty period responsibilities for the project are ongoing.

Russia - Gas Transmission Pipeline between Kharampur Gas Field and Gazprom Main Pipeline:

A contract was signed on 27 December 2019, between Rusfen, a subsidiary of the Group, and Kharampurneftegaz LLC for the construction and assembly of a 90 km long 48" diameter gas pipeline.

Various adversities were experienced during the construction process of the project undertaken in the Yamalo-Nenets Autonomous Region of Russia. As a result of measures taken to reduce costs and the development of different business methods, some of the effects of the financial results reflected in the consolidated financial statements at the beginning of the project, to reduce end-of-project costs continue. As of the reporting date, the entire expected loss at the end of the project has been included in the attached consolidated financial statements.

Upon realizing that consensus could not be reached in negotiations with the Employer administration for the compensation of our losses, legal action has been taken against the Employer administration, OOO Kharampurneftegaz, by Tekfen İnşaat and OOO Rusfen Consortium to assert our rights, claims, and assets related to this project.

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4. EVENTS AND TRANSACTIONS MATERIALLY AFFECTING THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

Construction Projects (cont'd)

Saudi Arabia - Haradh Satellite Compressor Stations Pipelines Project:

In accordance with the contract signed between Tekfen İnşaat and the Saudi Arabian Oil Company on 30 July 2018, the Haradh Field Gas Increment Program - Satellite Gas Compression Stations Pipeline Construction Works project has been undertaken.

Delays have occurred in the project due to material supply delays provided by the Employer administration and extensions of time issued by the Employer administration. As of the reporting date, the entire expected loss in the estimated costs of the project has been included in the consolidated financial statements. Discussions regarding additional works, resulting cost increases, and claims arising from time extensions are ongoing. Activities are continuing within the scope of warranty period responsibilities in the project.

North Field East Onshore Common Offsites 2 Project:

Under the contract signed between Tekfen İnşaat and Chiyoda Technip Joint Venture (CTJV) on 31 January 2022, the "General Works for Offsites 2 and South Interconnecting Piperack for North Field East Onshore Project EPC-1" project has been undertaken in Qatar. As of the balance sheet date, the financial completion rate of the relevant project is 47%.

As of the reporting date, an increase in the estimated cost of the project has been anticipated due to delays experienced in the installation of temporary camps, workshops, warehouses, office facilities, and mobilization phase. Negative changes in the income/expense difference resulting from this cost increase and the inclusion of additional revenues have been included into the consolidated financial statements in accordance with Turkish Financial Reporting Standards. As a result of these losses, changes have been made to the project management organization, negotiations have been conducted with the administration, and efforts are underway to reduce the projected losses through increased project efficiencies and savings.

Financial Investments

Long term financial investments

During the three month interim period ended 31 March 2024, the positive change of 2.377 in the fair value of the Group's fair value through profit or loss financial investments has been recognized in the investment income and expenses lines of condensed consolidated statement of profit or loss (31 March 2023: 8.893 positive, 26.490 negative). The Group has purchased 4.631 financial investments at fair value through profit or loss during the period. (31 March 2023: None).

Short term financial investments

The currency protected deposits (KKM) are classified as fair value through profit or loss financial investments in the condensed consolidated financial statements as of 31 March 2024. The positive changes in the fair value of KKM amounting to 27.013 are recognized in the investment income in the condensed consolidated statement of profit or loss (31 March 2023: 98.047 positive). Total amount of KKM is presented in short-term financial investments as of 31 March 2024 is 16.598 (31 December 2023: 1.216.883).

As of 31 March 2024, the Eurobond total shown in short-term financial investments is 33.067 (31 December 2023: 34.101).

Collections

A total of 13.553.471 USD was collected from the receivables arising from a single customer, which is included in the Group's overdue trade receivables.

Other

Board of Directors' decision dated 21 March 2024, has been made for the issuance of finance bonds or bonds in Turkish Lira denomination, without public offering domestically, up to a nominal value of 1.000.000 Turkish Lira within one year, in different maturities, through private placement and/or sale to qualified investors. The approval of the issuance document prepared for this purpose and the application to the Capital Markets Board will be requested. The relevant amount is planned to be used in financing group activities.

A share purchase agreement has been signed for the acquisition of all shares of Babadağ Elektrik Üretim Sanayi ve Ticaret A.Ş., located in Balıkesir, with a installed capacity of 9,6 MW and a production license of 14,4 MW, for a total price of 17.000.000 USD on 1 March 2024. The acquisition and payment transactions are planned to be completed with 100% project finance. After the signing of the contract, an application was made to the Competition Authority. According to the decision of the Competition Board dated 4 April 2024, it was decided that the transaction was not subject to permission. The closing procedures were completed as of 30 April 2024. With this transaction, Tekmarmara Enerji Üretim A.Ş. became the sole shareholder of Babadağ Elektrik Üretim Sanayi ve Ticaret A.Ş., holding 100% of the shares.

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5. SIGNIFICANT CHANGES IN EQUITY

Gain (Loss) on Investments in Equity Instruments:

The positive change of 673.089 in the fair values of the fair value through other comprehensive income financial investments of the Group has been directly recognized in equity (31 March 2023: positive change of 133.064).

Retained Earnings Restricted for Legal Reserves:

Based on the resolutions adopted at the Ordinary General Meetings of the Group Companies until 31 March 2024, there are no transfers from prior year profits to reserves in the summary consolidated financial statements dated 31 March 2024 (31 March 2023: 175.172).

Hedging Gains (Losses):

The positive change of 40.981 (31 March 2023: positive 200.571) in the fair values of the effective derivative instruments which the Group uses for cash flow hedging has been recognized in equity.

Profit Distribution:

At the Ordinary General Assembly Meeting held on 13 May 2024, it was decided not to distribute dividends due to the absence of accumulated profits and the emergence of losses related to the activities of 2023.

Repurchased Shares:

On 31 January 2024, the Company's Board of Directors decided to initiate a share repurchase program for a period of one year, up to shares with a nominal value of 18.500 TL, representing 5% of the company's capital. The total amount of funds allocated for the repurchase is 925.000 TL. As of the report date, a total nominal amount of 904 TL has been repurchased, and the proportion of repurchased shares to the total capital is 0,24%.

Additional Information Regarding Inflation Adjustments:

A comparison of the Group's equity items restated for inflation in the consolidated financial statements as of 31 March 2024 and the restated amounts in the financial statements prepared in accordance with legal legislation and TAS/IFRS are as follows:

31 March 2024 (IFRS)	Historical amount	Inflated amount	Inflation adjustment effect
Adjustments to paid in capital	370.000	5.780.282	5.410.282
Premiums in capital stock	300.984	4.427.218	4.126.234
Legal reserves	697.275	3.939.851	3.242.576

31 March 2024 (Legal)	Historical amount	Inflated amount	Inflation adjustment effect
Adjustments to paid in capital	370.000	7.344.368	6.974.368
Premiums in capital stock	300.984	6.182.319	5.881.335
Legal reserves	697.275	4.725.929	4.028.654

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6. SEGMENT REPORTING

The Group management, which previously managed its operations in five segments: Engineering & Contracting, Chemical Industry, Agricultural Production, Services, and Investment, has decided to manage its activities in three segments as of the current period: Engineering and Contracting, Agricultural Industry, and Investment. Due to this revision in operating segments, comparative information regarding segment reporting has been revised based on three segments. The activities of the Group's segments can be summarized as follows:

Engineering and Contracting Segment: The Engineering and Contracting segment undertakes infrastructure and industrial project constructions in countries such as Turkey, Azerbaijan, Kazakhstan, Saudi Arabia, Qatar, and Iraq. Various projects within the scope of the Engineering and Contracting segment include oil, gas, and petrochemical facilities, pipelines, onshore and offshore terminals, offshore platforms, tank farms, oil refineries, pump stations, power plants, highways, subways, bridges and tunnels, electronic and instrumentation works, infrastructure works, production facilities, commercial and technical building complexes, and large sports facilities. Revenues obtained from Azfen, which is included in the consolidated financial statements using the equity method, are shown in this segment.

Agricultural Industry Segment: The Agricultural Industry segment carries out activities in the production and sale of mineral fertilizers, water-soluble specialty fertilizers, and organic/organomineral fertilizers. It also produces bags used in fertilizer packaging in its own facility. In addition, it produces biogas through the fermentation of organic waste and generates electricity from biogas, and produces solid and liquid organic fertilizers from the residues completing the gasification process. Other activities include tissue culture, banana sapling cultivation, high-quality potato seed production and sales, certified wheat seed production and sales, as well as the production, packaging, and export of cherries, apricots, pomegranates, plums, and figs. Terminal operations, ship agency services, and free zone management are also among the other activities of the Agricultural Industry segment.

Investment Segment: The main activities of the Investment segment include investments by Tekfen Ventures in innovative enterprises and holding activities. The holding activities are carried out by the Company and include coordinating the financing needs of Group companies when necessary. The majority of the Investment segment's income consists of Tekfen Holding's dividend, rental, interest, and foreign exchange gains, as well as positive changes in the fair values of financial investments. In addition to Tekfen Ventures' investments, significant financial investments of the Group such as SOCAR Polymer Investments LLC, Akmerkez Real Estate Investment Trust, and Berlin Light JV S.a.r.l. are also included in the Investment segment's activities. Insurance brokerage services and building and facility management services are among the other activities of the Investment segment.

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6. SEGMENT REPORTING (cont'd)

a) Segment results:

	1 January - 31 March 2024			
	Engineering & Contracting	Agricultural Industry	Investment	Total
Revenue	4.698.558	11.248.893	120.639	16.068.090
Cost of revenue (-)	(4.251.309)	(9.792.638)	(86.746)	(14.130.693)
GROSS PROFIT	447.249	1.456.255	33.893	1.937.397
General administrative expenses (-)	(269.898)	(119.165)	(184.718)	(573.781)
Marketing expenses (-)	(12.658)	(984.220)	-	(996.878)
Research and development expenses (-)	(7.440)	(13.039)	-	(20.479)
Other operating income	321.991	407.432	22.207	751.630
Other operating expenses (-)	(297.771)	(674.890)	(61.999)	(1.034.660)
Share on profit (loss) of investments valued by equity method	(26.833)	-	-	(26.833)
OPERATING PROFIT (LOSS)	154.640	72.373	(190.617)	36.396
Investment income	247.154	1.960	29.705	278.819
Investment expense (-)	(215.019)	(1.226)	(31)	(216.276)
PROFIT (LOSS) BEFORE FINANCIAL INCOME (EXPENSES)	186.775	73.107	(160.943)	98.939
Financial income	134.746	143.588	118.939	397.273
Financial expenses (-)	(201.526)	(444.951)	(33.752)	(680.229)
Net monetary position gain (loss)	246	466.339	(189.660)	276.925
PROFIT (LOSS) FROM CONTINUING OPERATIONS BEFORE TAXATION	120.241	238.083	(265.416)	92.908
Tax expense from continuing operations	(85.816)	(472.828)	(67.444)	(626.088)
PROFIT (LOSS) FROM CONTINUING OPERATIONS FOR THE PERIOD	34.425	(234.745)	(332.860)	(533.180)

For the three month interim period ended 31 March 2024, there is not any revenue obtained from a single non-related client which constitute higher than 10% of the Group's total revenue.

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6. SEGMENT REPORTING (cont'd)

a) Segment results (cont'd):

	1 January - 31 March 2023			
	Engineering & Contracting	Agricultural Industry	Investment	Total
Revenue	4.872.811	10.768.365	104.230	15.745.406
Cost of revenue (-)	(4.563.392)	(11.036.532)	(62.697)	(15.662.621)
GROSS PROFIT (LOSS)	309.419	(268.167)	41.533	82.785
General administrative expenses (-)	(273.759)	(90.853)	(126.780)	(491.392)
Marketing expenses (-)	(15.245)	(704.567)	-	(719.812)
Research and development expenses (-)	(6.858)	(12.093)	-	(18.951)
Other operating income	256.109	208.059	1.562	465.730
Other operating expenses (-)	(227.151)	(669.227)	(6.203)	(902.581)
Share on profit of investments valued by equity method	68.111	-	-	68.111
OPERATING PROFIT (LOSS)	110.626	(1.536.848)	(89.888)	(1.516.110)
Investment income	55.142	92.062	81.274	228.478
Investment expense (-)	(227)	(101)	(26.533)	(26.861)
PROFIT (LOSS) BEFORE FINANCIAL INCOME (EXPENSES)	165.541	(1.444.887)	(35.147)	(1.314.493)
Financial income	4.042	64.397	160.814	229.253
Financial expenses (-)	(150.080)	(99.321)	(4.748)	(254.149)
Net monetary position gain (loss)	187	396.479	(371.636)	25.030
PROFIT (LOSS) FROM CONTINUING OPERATIONS BEFORE TAXATION	19.690	(1.083.332)	(250.717)	(1.314.359)
Tax expense from continuing operations	(50.698)	(400.258)	(112.384)	(563.340)
LOSS FROM CONTINUING OPERATIONS FOR THE PERIOD	(31.008)	(1.483.590)	(363.101)	(1.877.700)

For the three month interim period ended 31 March 2023, there is not any revenue obtained from a single non-related client which constitute higher than 10% of the Group's total revenue.

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6. SEGMENT REPORTING (cont'd)

b) Segment assets and liabilities:

	31 March 2024			
	Engineering & Contracting	Agricultural Industry	Investment	Total
Balance sheet				
Total assets	21.001.459	29.076.389	7.300.234	57.378.082
Current and non-current liabilities	19.031.778	12.333.358	853.766	32.218.902
Equity attributable to owners of the parent	(2.316.660)	13.286.483	13.821.067	24.790.890
Non-controlling interests	364.939	3.351	-	368.290

	31 December 2023			
	Engineering & Contracting	Agricultural Industry	Investment	Total
Balance sheet				
Total assets	25.328.589	28.001.747	7.362.879	60.693.215
Current and non-current liabilities	23.255.928	11.295.513	791.292	35.342.733
Equity attributable to owners of the parent	(1.916.268)	12.928.717	13.948.005	24.960.454
Non-controlling interests	386.753	3.275	-	390.028

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6. SEGMENT REPORTING (cont'd)

c) Segment information related to property, plant and equipment, intangible assets, investment property, right-of-use assets and revenue:

	1 January - 31 March 2024			
	Engineering & Contracting	Agricultural Industry	Investment	Total
Capital expenditures	151.784	185.437	7.310	344.531
Depreciation and amortization expense for the period (*)	118.923	271.535	19.137	409.595
Intra-segment revenue	441.829	162.926	20.684	625.439
Inter-segment revenue	1.236	1.615	91.123	93.974

	1 January - 31 March 2023			
	Engineering & Contracting	Agricultural Industry	Investment	Total
Capital expenditures	280.944	115	2.019	283.078
Depreciation and amortization expense for the period (*)	148.188	240.543	19.537	408.268
Intra-segment revenue	234.238	134.976	13.692	382.906
Inter-segment revenue	-	3.550	78.684	82.234

(*) Depreciation expense of 17.629 is deducted from the cost of inventory (31 March 2023: 6.173 deducted from the cost of inventory).

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6. SEGMENT REPORTING (cont'd)

d) Geographical segment information is as follows:

	Turkey	CIS	Middle Eastern Countries	Other	Eliminations	Total
Revenue (1 January - 31 March 2024)	13.448.461	929.625	2.119.103	290.314	(719.413)	16.068.090
Total Assets (31 March 2024)	102.414.579	18.874.339	10.669.435	9.786.214	(84.366.485)	57.378.082
Capital Expenditures (1 January - 31 March 2024)	201.309	57.499	85.723	-	-	344.531

	Turkey	CIS	Middle Eastern Countries	Other	Eliminations	Total
Revenue (1 January - 31 March 2023)	11.592.480	1.591.225	2.586.696	440.145	(465.140)	15.745.406
Total Assets (31 December 2023)	103.456.580	20.407.082	13.590.555	10.750.739	(87.511.741)	60.693.215
Capital Expenditures (1 January - 31 March 2023)	26.135	10.529	246.414	-	-	283.078

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7. CASH AND CASH EQUIVALENTS

Time deposits with maturity of three months or less constitute the part of the cash and cash equivalents amounting to 5.471.707 (31 December 2023: 3.753.644). Demand deposits, liquid funds, and other cash equivalents with maturity of three months or less constitute the rest of the cash and cash equivalents.

8. TRADE RECEIVABLES AND PAYABLES

a) Trade Receivables:

As at balance sheet date, details of trade receivables of the Group are as follows:

	31 March 2024	31 December 2023
<u>Short-term trade receivables</u>		
Receivables from Engineering & Contracting segment operations	2.834.814	5.698.395
Receivables from Agricultural Industry segment operations	1.939.596	1.261.713
Receivables from Investment segment operations	19.226	14.070
Provision for doubtful receivables (-)	(315.059)	(339.477)
Retention receivables (Note: 9)	151.636	160.093
Due from related parties	117.110	68.774
Other	34.373	35.137
	<u>4.781.696</u>	<u>6.898.705</u>
<u>Long-term trade receivables</u>		
Retention receivables (Note: 9)	784.036	777.813
Receivables from Engineering & Contracting segment operations	381.613	370.949
	<u>1.165.649</u>	<u>1.148.762</u>

Postdated cheques amounting to 996.963 (31 December 2023: 715.484), notes receivables amounting to 25.225 (31 December 2023: 18.042), positive foreign currency differences amounting to 69.611 (31 December 2023: positive 145.299), are included in short and long-term trade receivables. There are no due date differences included in short and long-term trade receivables (31 December 2023: None).

Average maturity date for trade receivables varies between the segments. Average maturity date for Engineering and Contracting segment, for projects in abroad is 91 days (31 December 2023: 124 days), for domestic projects is 79 days (31 December 2023: 107 days), for Agricultural Industry segment is 44 days (31 December 2023: 39 days), and for Investment segment is 30 days (31 December 2023: 30 days).

As of 31 March 2024, receivables amounting 769.777 was obtained from a single non-related client which constitute 13,2% of the Group's receivables (31 December 2023: 1.698.079, 25,9%).

As of 31 March 2024, 315.059 of provision for doubtful receivables was determined based on past uncollectible receivable cases encountered and future expectations (31 March 2023: 270.777).

The movement of the Group's provision for doubtful trade receivables is as follows:

	2024	2023
Provision as of 1 January	(339.477)	(297.713)
Charge for the period	(2.259)	1.658
Collected	3.098	72
Write off of bad debt	-	322
Currency translation effect	16.681	18.113
Monetary loss	6.898	6.771
Provision as of 31 March	<u>(315.059)</u>	<u>(270.777)</u>

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8. TRADE RECEIVABLES AND PAYABLES (cont'd)

b) Trade Payables:

As at balance sheet date, details of trade payables of the Group are as follows:

	31 March 2024	31 December 2023
<u>Short-term trade payables</u>		
Payables from Engineering & Contracting segment operations	3.077.597	4.825.048
Payables from Agricultural Industry segment operations	6.293.889	5.980.908
Payables from Investment segment operations	202.654	239.884
Due to related parties	52.770	104.743
Retention payables (Note: 9)	1.086.616	1.532.594
Other	6.498	8.155
	<u>10.720.024</u>	<u>12.691.332</u>
<u>Long-term trade payables</u>		
Retention payables (Note: 9)	84.325	47.240
Payables from Engineering & Contracting segment operations	21.438	42.025
	<u>105.763</u>	<u>89.265</u>

Foreign currency differences amounting to 351.581 (31 December 2023: 351.253) are included in short and long-term trade payables.

For Agricultural Industry segment, payables attributable to inventory supplied through imports constitute 87% (31 December 2023: 96%) of trade payables as at balance sheet date and average payable period for these import purchases is 78 days (31 December 2023: 121 days) whereas average payable period for domestic purchases is 29 days (31 December 2023: 29 days). The average payable period for Engineering and Contracting segment is 124 days (31 December 2023: 140 days), and for Investment segment is 30 days (31 December 2023: 30 days).

9. CONTRACT ASSETS AND LIABILITIES ARISING FROM ONGOING CONSTRUCTION WORKS

	31 March 2024	31 December 2023
Cost incurred on ongoing contracts	185.099.973	190.231.384
Recognised gain less losses (net)	2.267.417	2.566.904
	<u>187.367.390</u>	<u>192.798.288</u>
Less: Billings to date (-)	(186.819.952)	(193.307.980)
	<u>547.438</u>	<u>(509.692)</u>

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9. CONTRACT ASSETS AND LIABILITIES ARISING FROM ONGOING CONSTRUCTION WORKS (cont'd)

Costs and billings incurred on uncompleted contracts in condensed consolidated financial statements are as follows:

	31 March 2024	31 December 2023
Contract assets arising from ongoing construction works	1.836.057	1.244.558
Contract liabilities arising from ongoing construction works	(1.288.619)	(1.754.250)
	<u>547.438</u>	<u>(509.692)</u>
	31 March 2024	31 December 2023
<u>Contract assets arising from ongoing construction works</u>		
Contracts undersigned abroad	1.507.799	1.005.670
Contracts undersigned in Turkey	328.258	238.888
	<u>1.836.057</u>	<u>1.244.558</u>
<u>Contract liabilities arising from ongoing construction works</u>		
Contracts undersigned abroad	(1.255.778)	(1.656.668)
Contracts undersigned in Turkey	(32.841)	(97.582)
	<u>(1.288.619)</u>	<u>(1.754.250)</u>
	<u>547.438</u>	<u>(509.692)</u>

The Group has 626.408 of advances given to subcontractors and other suppliers for construction projects classified in short-term prepaid expenses (31 December 2023: 627.559). Also, the Group has 2.104.545 of advances received for contracting projects classified in deferred revenue (31 December 2023: 2.300.551).

As of 31 March 2024, the Group has 1.170.941 of retention payables to subcontractors (31 December 2023: 1.579.834). Also, the amount of retention receivables is 935.672 (31 December 2023: 937.906) (Note: 8).

10. INVENTORIES

	31 March 2024	31 December 2023
Raw materials	2.338.412	2.079.859
Work in progress	847.173	2.914.074
Finished goods	232.866	531.476
Trading goods	823.133	300.425
Goods in transit	220.590	1.266.549
Inventory at construction sites	3.955.990	4.050.123
Other inventories	61.817	318.072
Allowance for impairment on inventory (-)	(69.869)	(93.293)
	<u>8.410.112</u>	<u>11.367.285</u>

For the three month interim period ended 31 March 2024, there are no borrowing costs added to inventory (31 December 2023: None).

	2024	2023
<u>Movement of allowance for impairment of inventory</u>		
Provision as of 1 January	(93.293)	(21.836)
Provisions cancelled	18.927	15.587
Currency translation effect	4.497	-
Provision as of 31 March	<u>(69.869)</u>	<u>(6.249)</u>

All of reversal of impairment on inventory has been deducted from cost of revenue (2023: All of reversal of impairment on inventory has been deducted from cost of revenue).

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11. INVESTMENTS VALUED BY EQUITY METHOD

Joint Ventures	Location of foundation and operation	31 March 2024		31 December 2023		Power to appoint	Industry
		Participation Rate	Amount	Participation Rate	Amount		
Azfen	Azerbaijan	40%	1.870.527	40%	1.991.919	40%	Construction
			<u>1.870.527</u>		<u>1.991.919</u>		

Movements of Group's joint ventures during the period is as follows:

	2024	2023
Opening balance as of 1 January	1.991.919	1.998.646
Group's share on profit (loss)	(26.833)	68.111
Currency translation effect	(94.559)	(178.806)
Closing balance as of 31 March	<u>1.870.527</u>	<u>1.887.951</u>

Group's share on profit of joint ventures is as follows:

	1 January - 31 March 2024	1 January - 31 March 2023
Azfen	(26.833)	68.111
Shares on profit (loss) of joint ventures valued by equity method	<u>(26.833)</u>	<u>68.111</u>

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11. INVESTMENTS VALUED BY EQUITY METHOD (cont'd)

Information related to balance sheet:

<u>Azfen</u>	<u>31 March 2024</u>	<u>31 December 2023</u>
Cash and cash equivalents	647.645	905.092
Other current assets	1.488.794	1.458.928
Non-current assets	2.846.129	3.114.142
Total Assets	4.982.568	5.478.162
Other short-term liabilities	306.250	498.364
Total Liabilities	306.250	498.364
Net Assets	4.676.318	4.979.798
	4.676.318	4.979.798
Group's Ownership Rate	40%	40%
Group's Share on Net Assets	<u>1.870.527</u>	<u>1.991.919</u>

Information related to statement of profit or loss:

<u>Azfen</u>	<u>1 January - 31 March 2024</u>	<u>1 January - 31 March 2023</u>
Revenue	170.197	1.052.433
Depreciation and amortization expense (-)	(73.331)	(18.738)
Operating profit	(69.789)	212.856
Tax expense (-)	2.706	(42.579)
Profit (loss) for the Period	<u>(67.083)</u>	<u>170.278</u>
Group's Ownership Rate	40%	40%
Group's Share on Profit (Loss) for the Period	<u>(26.833)</u>	<u>68.111</u>

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12. PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS, INVESTMENT PROPERTY AND RIGHT-OF-USE ASSETS

(a) Property, Plant and Equipment, Other Intangible Assets, Investment Property and Right-of-use Assets

	Property, Plant and Equipment	Other Intangible Assets	Investment Property	Right-of-use assets
Cost Value				
Opening balance as of 1 January 2024	45.797.905	792.929	3.071.054	723.143
Currency translation effect	(503.748)	(20.306)	(196.176)	(21.874)
Additions	336.545	726	7.260	9.825
Disposals	(424.357)	(922)	-	(6.069)
Closing balance as of 31 March 2024	45.206.345	772.427	2.882.138	705.025
Accumulated Depreciation and Amortization				
Opening balance as of 1 January 2024	(28.019.706)	(621.378)	(1.209.883)	(258.230)
Currency translation effect	388.599	18.406	137.051	10.859
Charge for the period	(350.204)	(7.855)	(12.317)	(21.590)
Disposals	377.631	922	-	5.479
Closing balance as of 31 March 2024	(27.603.680)	(609.905)	(1.085.149)	(263.482)
Carrying value as of 31 March 2024	17.602.665	162.522	1.796.989	441.543
Cost Value				
Opening balance as of 1 January 2023	46.307.501	807.731	3.087.143	414.484
Currency translation effect	(1.257.845)	(40.275)	(235.222)	(17.104)
Additions	281.553	1.525	-	44.409
Disposals	(326.513)	-	-	(7.734)
Closing balance as of 31 March 2023	45.004.696	768.981	2.851.921	434.055
Accumulated Depreciation and Amortization				
Opening balance as of 1 January 2023	(28.352.651)	(606.660)	(1.159.327)	(135.940)
Currency translation effect	1.104.444	36.144	50.629	3.311
Charge for the period	(356.820)	(9.714)	(14.150)	(21.411)
Disposals	301.835	-	-	7.188
Closing balance as of 31 March 2023	(27.303.192)	(580.230)	(1.122.848)	(146.852)
Carrying value as of 31 March 2023	17.701.504	188.751	1.729.073	287.203

The fair value of the Group's investment property has been determined based on a valuation carried out by independent experts which have no relation to the Group and are accredited by Capital Market Board. Valuation work has been concluded based on fair value of similar properties. The fair value of the investment properties as of 31 March 2024 is 2.367.064 (31 March 2023: 3.258.754) according to the valuation carried out by independent experts. There are not any restrictions on the realizability of investment property or any remittances of income and proceeds of disposal.

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12. PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS, INVESTMENT PROPERTY AND RIGHT-OF-USE ASSETS (cont'd)

(b) Goodwill

Subsidiaries Acquired	Nature of Business	Date of Acquisition	Ratio of Shares Acquired	Acquisition Price	Goodwill
Denkmal in Dahlem Otto-Hahn-Platz GmbH	Engineering & Contracting	30 July 2019	80%	182.090	-
Toros Gönen Yenilenebilir Enerji Üretim A.Ş.	Agricultural Industry	31 July 2019	70%	189.290	174.877
Toros Meram Yenilenebilir Enerji Üretim A.Ş.	Agricultural Industry	14 February 2020	99,9%	118.635	101.965
				490.015	276.842

Breakdown of the acquisition price is as follows:

	Denkmal Dahlem	Gönen Enerji	Meram Enerji	Total
Paid in cash	182.090	189.290	118.635	490.015
Acquisition price	182.090	189.290	118.635	490.015

The main items related to assets acquired and liabilities undertaken at the acquisition dates are as follows:

	Denkmal Dahlem	Gönen Enerji	Meram Enerji	Total
Current assets	958.629	98.804	96.907	1.154.340
Cash and cash equivalents	4.107	61.912	14.532	80.551
Other current assets	954.522	36.892	82.375	1.073.789
Non-current assets	11.380	215.872	61.593	288.845
Tangible and intangible assets	11.380	205.747	61.049	278.176
Other non-current assets	-	10.125	544	10.669
Current liabilities	349.415	141.594	141.815	632.824
Non-current liabilities	489.947	152.490	-	642.437
Net assets	130.647	20.592	16.685	167.924

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12. PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS, INVESTMENT PROPERTY AND RIGHT-OF-USE ASSETS (cont'd)

(b) Goodwill (cont'd)

As a result of the acquisitions, the Group obtained control of the companies so that goodwill is arisen. The goodwill arising from the acquisitions is as follows:

	Denkmal Dahlem	Gönen Enerji	Meram Enerji	Total
Acquisition price	182.090	189.290	118.635	490.015
Non-controlling interest	26.129	6.179	15	32.323
Less: Fair value of net assets of the acquired company	(130.647)	(20.592)	(16.685)	(167.924)
Impairment (-)	(77.572)	-	-	(77.572)
Goodwill	-	174.877	101.965	276.842

Net cash outflow concerning the acquisitions is as follows:

	Denkmal Dahlem	Gönen Enerji	Meram Enerji	Total
Paid in cash	182.090	189.290	118.635	490.015
Less: Cash and cash equivalents of the acquired company	(4.107)	(61.912)	(14.532)	(80.551)
Net cash outflow	177.983	127.378	104.103	409.464

Movement of Goodwill is as follows:

	Denkmal Dahlem	Gönen Enerji	Meram Enerji	Total
Opening balance as of 1 January 2024	-	174.877	101.965	276.842
Closing balance as of 31 March 2024	-	174.877	101.965	276.842
Opening balance as of 1 January 2023	84.246	174.877	101.965	361.088
Currency translation effect	(6.123)	-	-	(6.123)
Closing balance as of 31 March 2023	78.123	174.877	101.965	354.965

As a result of the decrease in housing prices in Germany related to the renovation and planned sale of buildings, a provision for impairment of the entire Denkmal Dahlem goodwill has been allocated in the consolidated financial statements.

The Group has calculated the recoverable amount of goodwill arising from other acquisitions and has not determined any impairment in the year ended 31 March 2024. (31 December 2023: None). The discounted cash flow method has been used in calculating the recoverable amounts of the cash generating units to which the goodwill is distributed, and the cash flows expected to be obtained in the future are discounted to the present using appropriate discount factors.

The weighted average cost of capital ratio as the discount factor used in the calculations for Gönen Enerji and Meram Enerji is 10,5%.

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13. SHORT AND LONG-TERM BORROWINGS

The Company's bank loans are reclassified as long-term whose maturities passed 31 March 2025 according to their opening dates. Annual weighted average interest rate of the existing short-term loans is 8,72% for USD, 5,88% for EUR and 38,40% for TL (31 December 2023: 9,49% for USD, 4,33% for EUR, 31,39% for TL and 8,00% QAR). Annual weighted average interest rate of the existing long-term loans is 8,50% for USD, and 2,65% for EUR (31 December 2023: 8,50% for USD and EUR 2,65%).

Within the scope of TFRS 16 Leases standard implementation, lease liabilities of 210.033 and 81.842 in the aggregate 291.875 included in short-term and long-term borrowings respectively (31 December 2023: 233.394 short-term, 109.128 long-term, in the aggregate 342.783).

14. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

	31 March 2024	31 December 2023
Short-term provisions	2.951.731	3.460.026
Long-term provisions	757.389	742.278
Total provisions	<u>3.709.120</u>	<u>4.202.304</u>
Employment termination benefits provision	660.949	664.929
Unused vacation pay liability provision	209.942	220.206
Premium provision	190.462	198.568
Total provisions attributable to employee benefits	<u>1.061.353</u>	<u>1.083.703</u>
Provision for litigation	46.551	50.229
Other liability provisions	2.601.216	3.068.372
Other provisions	<u>2.647.767</u>	<u>3.118.601</u>
Total provisions	<u>3.709.120</u>	<u>4.202.304</u>

	Employment Termination Benefits Provision	Unused Vacation Pay Liability Provision	Premium Provision	Total Provisions Attributable to Employee Benefits
Opening balance as of 1 January 2024	664.929	220.206	198.568	1.083.703
Currency translation effect	(24.967)	(11.801)	(6.210)	(42.978)
Charge for the period	84.985	17.325	49.799	152.109
Interest expense	14.158	-	-	14.158
Provision paid during the period	(37.284)	(11.514)	(433)	(49.231)
Provision released	(31)	(143)	(44.678)	(44.852)
Actuarial gain	(15.247)	-	-	(15.247)
Monetary loss	(25.594)	(4.131)	(6.584)	(36.309)
Closing balance as of 31 March 2024	<u>660.949</u>	<u>209.942</u>	<u>190.462</u>	<u>1.061.353</u>
Opening balance as of 1 January 2023	926.903	236.469	274.741	1.438.113
Currency translation effect	(51.463)	(19.791)	(12.138)	(83.392)
Charge for the period	18.705	66.067	80.064	164.836
Interest expense	11.144	-	-	11.144
Provision paid during the period	(172.323)	(43.342)	(76.382)	(292.047)
Provision released	-	(268)	(118.342)	(118.610)
Actuarial gain	(14.127)	-	-	(14.127)
Monetary loss	(31.185)	(2.551)	(15.598)	(49.334)
Closing balance as of 31 March 2023	<u>687.654</u>	<u>236.584</u>	<u>132.345</u>	<u>1.056.583</u>

Monthly termination benefit pay calculated as of 31 March 2024 is subject to upper limit of 35.058,58 Turkish Lira (31 December 2023: 35.058,58 Turkish Lira).

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14. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (cont'd)

	Provision for Litigation	Other Liability Provisions	Total Other Provisions
Opening balance as of 1 January 2024	50.229	3.068.372	3.118.601
Currency translation effect	(4.107)	(159.288)	(163.395)
Charge for the period	711	82.782	83.493
Provision paid during the period	(229)	-	(229)
Provision released	(53)	(391.116)	(391.169)
Monetary gain	-	466	466
Closing balance as of 31 March 2024	<u>46.551</u>	<u>2.601.216</u>	<u>2.647.767</u>
Opening balance as of 1 January 2023	52.004	728.143	780.147
Currency translation effect	(2.679)	(65.467)	(68.146)
Charge for the period	648	5.247	5.914
Provision paid during the period	(286)	-	(297)
Provision released	(605)	(47.898)	(48.503)
Closing balance as of 31 March 2023	<u>49.082</u>	<u>620.025</u>	<u>669.107</u>

Litigations:

As of 31 March 2024, lawsuit filed against the Group is totally 1.595.676 (31 December 2023: 1.661.133) and it has been decided to accrue 46.551 (31 December 2023: 50.229) of provision for lawsuits that might have high probability of potential outflow from the Group upon the consultation of legal advisors. Based on the legal advice of lawyers, there is no risk of outflow of resources for cases which no provision is made for.

Libya Arbitration Claim

Within the context of the Group's decision taken on 30 January 2015 to apply for International Arbitration with the aim of claiming all of its rights, receivables and assets connected with The Great Man-Made River Project, which was undertaken in Libya by Tekfen-TML Joint Venture (Tekfen TML J.V.), a joint venture of the Group with 67% participation rate, – that having been halted on 21 February 2011 owing to events taking place in the aforesaid country and the instability thus caused – the Group applied to the International Court of Arbitration of the International Chamber of Commerce (ICC) for commercial arbitration against the Great ManMade River Authority (MMRA) as the 'employer', and against the State of Libya. A statement on this subject was duly made in the Announcement of 18 June 2015. In the subsequent announcement of 12 October 2015, we have further reported that a second arbitration case has been filed at the ICC against the Libyan State on the basis of the Agreement on the Mutual Promotion and Protection of Investments ("AMPPI") signed between the Libyan and Turkish States. The partial award handed down in relation to the contractual arbitration case filed with the ICC on the basis of this Agreement has been notified to the Tekfen TML J.V.

In this partial award, the Arbitration Tribunal has ruled that the MMRA falls within its jurisdiction, but that the State of Libya does not; that the MMRA should pay the Tekfen TML J.V. the sum of 40.499 Thousand USD (of which the Group's share is 27.134 Thousand USD) as compensation; that the MMRA should pay the Tekfen TML J.V. the sum of 5.000 Thousand USD (of which the Group's share is 3.350 Thousand USD) in respect of the Tekfen TML J.V.'s legal expenses; that the parties should be asked to submit additional petitions for the determination of the rates of interest to be charged with respect to the aforementioned figures; that all counterclaims of the defendant (the MMRA) should be dismissed with the exception of a minor one for 365 Thousand USD and that only this amount should be deducted from the sum awarded to the Tekfen TML J.V.; that it was necessary for the agreement between the Tekfen TML J.V. and the MMRA to be readjusted in accordance with the changed conditions now in force; and that provision for matters such as the mechanical equipment needed in order for the Tekfen TML J.V. to continue its work should be evaluated within the framework of the revisions to be requested.

Based on the the decision of the Arbitral Tribunal, the parties started negotiations to redefine the terms of the contract for the remainder of the case.

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14. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (cont'd)

Litigations (cont'd):

Libya Arbitration Claim (cont'd)

In accordance with the Memorandum of Understanding (MoU), which took effect on 13 August 2020 and 24 September 2020, for the settlement of the issues arising from the contracts of Turkish companies with the employer administrations in Libya between the Republic of Turkey and the Government of National Accord of the Libyan State, it is foreseen that the contractors will apply by letter to the Administrations within 90 days and start negotiations for the future of the projects. In this context, the employer MMRA has started to be more actively involved in the negotiations with the entry into force of the MoU. Employer MMRA has established a four-person commission to discuss the termination conditions of MMRA and the demands of Tekfen TML J.V. The parties have agreed in principle to terminate the construction contract, with the condition that it does not affect their rights and claims in the arbitration process and that the agreed-upon matters remain confidential. Meetings have been held to sign the final agreement text.

As a result, it has been agreed between Employer MMRA and Tekfen TML J.V. that MMRA will make a net payment of 35.408 USD to Tekfen TML J.V. It has been agreed to collect the remaining 9.013 Thousand US Dollars out of the first installment of 12,678 Thousand US Dollars after meshing with the amount decided to be paid to Tekfen TML J.V. in the second arbitration for Libya, and the remaining 22.730 USD of unsecured receivables will be paid in four installments of varying amounts by December 31, 2025.

15. COMMITMENTS

The guarantee, pledge, mortgage and bill of guarantee (“GPMB”) position tables of the Group as of 31 March 2024 and 31 December 2023 are as follows:

31 March 2024	Equivalent of Thousands TL	<i>Thousands of US Dollars</i>	<i>Thousands of EUR</i>	<i>Other (Equivalent of Thousands TL)</i>
A. CPMB given on behalf of its own legal entity	2.098	-	-	2.098
-Collateral	2.098	-	-	2.098
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
-Bill of Collateral	-	-	-	-
B. CPMB given on behalf of subsidiaries that are included in full consolidation	38.386.958	769.250	61.063	11.426.278
-Collateral	13.432.806	239.397	60.983	3.581.412
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
-Bill of Collateral	24.954.152	529.853	80	7.844.866
C. CPMB given in order to Collateral third parties' debts for the routine trade operations	2.153	-	-	2.153
-Collateral	-	-	-	-
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
-Bill of Collateral	2.153	-	-	2.153
D. Total amounts of other CPMB given	-	-	-	-
i. Total amount of CPMB given on behalf of parent company	-	-	-	-
ii. Total amount of CPMB given on behalf of other group companies that are not included group B and C	-	-	-	-
iii. Total amount of CPMB given on behalf of third parties that are not included group C	-	-	-	-
Total as of 31 March 2024	38.391.209	769.250	61.063	11.430.529

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15. COMMITMENTS (cont'd)

31 December 2023	Equivalent of Thousands TL	<i>Thousands of US Dollars</i>	<i>Thousands of EUR</i>	<i>Other (Equivalent of Thousands TL)</i>
A. CPMB given on behalf of its own legal entity	2.414	-	-	2.414
-Collateral	2.414	-	-	2.414
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
-Bill of Collateral	-	-	-	-
B. CPMB given on behalf of subsidiaries that are included in full consolidation	44.430.874	864.005	64.438	12.749.717
-Collateral	15.774.165	260.948	64.438	4.520.038
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
-Bill of Collateral	28.656.709	603.057	-	8.229.679
C. CPMB given in order to Collateral third parties' debts for the routine trade operations	2.635	-	-	2.635
-Collateral	-	-	-	-
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
-Bill of Collateral	2.635	-	-	2.635
D. Total amounts of other CPMB given	-	-	-	-
i. Total amount of CPMB given on behalf of parent company	-	-	-	-
ii. Total amount of CPMB given on behalf of other group companies that are not included group B and C	-	-	-	-
iii. Total amount of CPMB given on behalf of third parties that are not included group C	-	-	-	-
Total as of 31 December 2023	44.435.923	864.005	64.438	12.754.766

Since there are not any GPMBs mentioned under D item, the ratio to the total equity is not presented.

16. SIGNIFICANT RELATED PARTY TRANSACTIONS

According to TAS 24, the shareholders of the Company, Group companies and their subsidiaries, management and other related parties are classified as related parties.

Transactions with related parties are distinct and measurable. Transactions with related parties during the three month interim period ended 31 March 2024 consist of sales of goods and services amounting 2.131 (31 March 2023: 10.179), dividend income amounting 831 (31 March 2023: 34.322), other net income amounting 342 (31 March 2023: None), and other net expenses amounting 333 (31 March 2023: 269 other expense). The remuneration of key management during the period is 20.808 (31 March 2023: 32.348).

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17. EQUITY

Capital / Capital Structure Adjustment

The capital structure as of 31 March 2024 and 31 December 2023 is as follows:

Shareholders	(%)	31 March 2024	(%)	31 December 2023
Berker family	23,55%	87.122	23,55%	87.122
Gökyiğit family	19,86%	73.488	19,86%	73.488
Akçağlılar family	6,65%	24.611	6,65%	24.611
Repurchased shares (*)	0,20%	754	0,00%	-
Publicly traded	49,74%	184.025	49,94%	184.779
Paid in capital	100%	370.000	100%	370.000
Capital structure adjustment		5.410.282		5.410.282
Restated capital		<u>5.780.282</u>		<u>5.780.282</u>

(*) As of March 31, 2024, represents the shares repurchased.

Repurchased Shares

On January 31, 2024, the Board of Directors of Tekfen Holding A.Ş. evaluated that the share value of Tekfen Holding A.Ş. on Borsa İstanbul did not reflect the true performance of the company, and decided to initiate repurchase transactions of the company's shares from the stock exchange in order to contribute to a healthy price formation. As of March 31, 2024, a total of nominal 757 TL worth of repurchase transactions have been conducted, and the proportion of repurchased shares to the total capital is 0.20%.

18. EARNINGS PER SHARE

	1 January - 31 March 2024	1 January - 31 March 2023
Average number of ordinary shares outstanding during the period (in full)	369.246.350	370.000.000
Net profit for the period attributable to owners of the parent (Thousands TL)	(530.671)	(1.891.341)
Earnings per share from continuing operations (TL)	(1,437)	(5,112)

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19. OTHER OPERATING INCOME AND EXPENSES

	1 January- 31 March 2024	1 January - 31 March 2023
Other operating income		
Foreign exchange income from operations	377.384	277.169
Due date difference income	150.506	91.966
Hedging income (Note: 21)	36.414	15.099
Scrap sales income	58.977	1.919
Discount income	35.490	9.426
Rental income	14.835	18.245
Social security premium refund income	7.072	5.565
Government grants and incentives income	3.123	1.488
Indemnity income	1.524	937
Reversal of litigation provision (Note: 14)	53	605
Other income	66.252	43.311
	<u>751.630</u>	<u>465.730</u>
	1 January- 31 March 2024	1 January - 31 March 2023
Other operating expenses (-)		
Foreign exchange losses from operations	(848.291)	(443.668)
Discount expenses	(145.673)	(24.374)
Hedging expenses (Note: 21)	(25.701)	(382.307)
Litigation provision (Note: 14)	(711)	(648)
Grants and contributions	(465)	(2.031)
Penalty and damages expenses	(197)	(212)
Other expenses	(13.622)	(49.341)
	<u>(1.034.660)</u>	<u>(902.581)</u>

20. FINANCIAL INCOME AND EXPENSES

	1 January- 31 March 2024	1 January - 31 March 2023
Financial income		
Foreign exchange gains	165.732	66.451
Interest income	116.804	46.442
Currency translation reserve gains	106.802	5.367
Other financial income	7.935	110.993
	<u>397.273</u>	<u>229.253</u>
	1 January- 31 March 2024	1 January - 31 March 2023
Financial expenses (-)		
Foreign exchange losses	(286.083)	(38.587)
Interest expenses	(265.957)	(171.828)
Currency translation reserve losses	(39.578)	(13.933)
Bank commission expenses	(27.077)	(28.632)
Other financial expenses	(61.534)	(1.169)
	<u>(680.229)</u>	<u>(254.149)</u>

Translated into English from the report originally issued in Turkish.

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21. DERIVATIVE INSTRUMENTS

	31 March 2024		31 December 2023	
	Assets	Liabilities	Assets	Liabilities
Forward foreign exchange contracts	49.051	8.835	41.437	55.872
Option contracts	-	19.183	-	22.073
Current	49.051	28.018	41.437	77.945
	<u>49.051</u>	<u>28.018</u>	<u>41.437</u>	<u>77.945</u>

Currency derivatives:

The subsidiary of the Group, Toros Tarım utilizes currency derivatives to hedge significant future transactions and cash flows. Toros Tarım is party to a variety of foreign currency forward contracts in the management of its exchange rate exposures. The instruments purchased are primarily denominated in the currencies of the Toros Tarım's principal markets.

As of balance sheet date, the total notional amount of outstanding forward foreign exchange contracts to which Toros Tarım is committed are as follows:

	31 March 2024	31 December 2023
Forward foreign exchange contracts	4.536.237	4.866.723
	<u>4.536.237</u>	<u>4.866.723</u>

As of 31 March 2024, the fair value of the Toros Tarım's currency derivatives is estimated to be 49.051 assets and 28.018 liabilities which is positive 21.033 (31 December 2023: assets 41.437, liabilities 77.945, negative 36.508). These amounts are based on quoted market prices for equivalent instruments at the balance sheet date and fair value hierarchy classification of derivative instruments is Level 2 (31 December 2023: Level 2). There have been no changes in the purpose or use of derivative instruments.

The fair value of currency derivatives that are designated and effective as cash flow hedges amounting to positive 30.156 has been accounted in equity, there is not any ineffective foreign currency derivative transactions during the period. (31 December 2023: Effective negative 10.825, 31 March 2023: effective negative 322.850). Gains amounting 36.414 and losses amounting to 25.701 concerning matured derivative contracts during the period have been recognized in profit or loss (31 March 2023: Gains amounting to 15.099 and losses amounting to 382.307 concerning matured derivative contracts during the period have been recognized in profit or loss).

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22. FOREIGN CURRENCY POSITION

31 March 2024	Equivalent of Thousands of TL	Thousands of US Dollars	Thousands of EUR	Thousands of GBP	Other (Equivalent of Thousands of TL)
1. Trade Receivables	2.061.236	56.084	2.312	-	170.079
2. Monetary Financial Assets	3.928.909	88.919	25.013	8	187.288
3. Other	589.111	5.708	10.236	-	48.590
4. CURRENT ASSETS	6.579.256	150.711	37.561	8	405.957
5. Trade Receivables	450.447	-	7.030	-	205.787
6. Monetary Financial Assets	1.391	1	1	-	1.324
7. Other	96.423	2.467	482	-	-
8. NON-CURRENT ASSETS	548.261	2.468	7.513	-	207.111
9. TOTAL ASSETS	7.127.517	153.179	45.074	8	613.068
10. Trade Payables	6.471.324	184.710	8.366	-	216.732
11. Financial Liabilities	2.926.058	84.310	5.644	-	7.652
12. Monetary Other Liabilities	1.376.378	18.159	13.797	-	309.940
12b. Non-Monetary Other Liabilities	383.059	31	292	-	371.896
13. CURRENT LIABILITIES	11.156.819	287.210	28.099	-	906.220
14. Trade Payables	11.042	136	-	-	6.651
15. Financial Liabilities	293.105	-	8.422	-	-
16. Monetary Other Liabilities	79.293	566	-	-	61.019
17. NON-CURRENT LIABILITIES	383.440	702	8.422	-	67.670
18. TOTAL LIABILITIES	11.540.259	287.912	36.521	-	973.890
19. Net Position of Off-balance Sheet Derivative Instruments (19a-19b)	4.600.088	142.482	-	-	-
19a. Derivative Assets	4.600.088	142.482	-	-	-
19b. Derivative Liabilities	-	-	-	-	-
20. Net Foreign Currency Assets / Liabilities Position	187.346	7.749	8.553	8	(360.822)
21. Monetary Items Net Foreign Currency Assets / Liabilities position (1+2+5+6-10-11-12-14-15-16)	(4.715.217)	(142.877)	(1.873)	8	(37.516)
22. Fair Value of Derivative Instruments Held for Hedging	21.033	651	-	-	-

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22. FOREIGN CURRENCY POSITION (cont'd)

31 December 2023	Equivalent of Thousands of TL	Thousands of US Dollars	Thousands of EUR	Thousands of GBP	Other (Equivalent of Thousands of TL)
1. Trade Receivables	2.719.516	54.218	4.646	-	708.884
2. Monetary Financial Assets	3.241.212	89.384	2.968	13	101.753
3. Other	1.630.582	34.689	10.992	22	42.646
4. CURRENT ASSETS	7.591.310	178.291	18.606	35	853.283
5. Trade Receivables	445.944	1	5.968	-	222.227
6. Monetary Financial Assets	1.629	1	1	-	1.558
7. Other	26.537	197	530	-	-
8. NON-CURRENT ASSETS	474.110	199	6.499	-	223.785
9. TOTAL ASSETS	8.065.420	178.490	25.105	35	1.077.068
10. Trade Payables	8.153.508	209.396	15.622	57	472.771
11. Financial Liabilities	2.540.089	65.910	5.903	-	86.308
12. Monetary Other Liabilities	1.862.387	17.996	23.398	-	375.849
12b. Non-Monetary Other Liabilities	360.689	4.039	314	-	212.109
13. CURRENT LIABILITIES	12.916.673	297.341	45.237	57	1.147.037
14. Trade Payables	16.462	136	-	-	11.855
15. Financial Liabilities	390.622	-	10.422	-	-
16. Monetary Other Liabilities	115.607	413	-	-	101.618
17. NON-CURRENT LIABILITIES	522.691	549	10.422	-	113.473
18. TOTAL LIABILITIES	13.439.364	297.890	55.659	57	1.260.510
19. Net Position of Off-balance Sheet Derivative Instruments (19a-19b)	5.015.565	148.072	-	-	-
19a. Derivative Assets	5.015.565	148.072	-	-	-
19b. Derivative Liabilities	-	-	-	-	-
20. Net Foreign Currency Assets / Liabilities Position	(358.379)	28.672	(30.554)	(22)	(183.443)
21. Monetary Items Net Foreign Currency Assets / Liabilities position (1+2+5+6-10-11-12-14-15-16)	(6.670.374)	(150.247)	(41.762)	(44)	(13.979)
22. Fair Value of Derivative Instruments Held for Hedging	(36.508)	(1.078)	-	-	-

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22. FOREIGN CURRENCY POSITION (cont'd)

Foreign currency sensitivity

The Group is exposed to foreign exchange risk primarily with respect to US Dollars and Euro.

The following table details the Group's sensitivity to a 5% increase and decrease in foreign currency rates. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated items and adjusts their translation at the three month interim period end for a 5% change in foreign currency rates. Positive number indicates an increase in profit or loss.

	31 March 2024	
	Profit / (Loss)	
	Appreciation of foreign currencies	Depreciation of foreign currencies
	If US Dollars changes 5% against TL	
US Dollars net assets / liabilities	12.509	(12.509)
	If Euro changes 5% against TL	
Euro net assets / liabilities	14.883	(14.883)
	If other foreign currencies changes 5% against TL	
Other foreign currency assets / liabilities	(18.025)	18.025
TOTAL	9.367	(9.367)
	31 December 2023	
	Profit / (Loss)	
	Appreciation of foreign currencies	Depreciation of foreign currencies
	If US Dollars change 5% against TL	
US Dollars net assets / liabilities	48.560	(48.560)
	If Euro changes 5% against TL	
Euro net assets / liabilities	(57.259)	57.259
	If other foreign currencies change 5% against TL	
Other foreign currency net assets / liabilities	(9.220)	9.220
TOTAL	(17.919)	17.919

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23. FINANCIAL INSTRUMENTS

The fair values of financial assets and financial liabilities are determined and grouped as follows:

- Level 1: The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.
- Level 2: The fair value of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on using prices from direct or indirect observable current market transactions.
- Level 3: The fair value of the financial assets and financial liabilities are determined where there is no observable market data.

Long-term financial investments and derivative instruments of the Group are measured at their fair values. Book values of other financial assets and liabilities approximate their fair values.

KKM amounting to 16.598 is classified as short-term financial investments. The relevant amount is presented at fair value (31 December 2023: 1.216.883). The fair value hierarchy is shown as Level 2.

Except for the financial investments mentioned above, Eurobonds amounting to 33.067 shown in short-term and long-term financial investments, respectively, are classified as financial assets measured at amortized cost (31 December 2023: short-term financial investments 34.101).

Excluding KKM and funds, the level classification of financial assets and liabilities denominated at fair value are as follows:

	31 March 2024	Fair value level as of reporting date		
		Level 1	Level 2	Level 3
Financial instruments				
Fair value through other comprehensive income financial investments	2.064.516	1.146.531	-	917.985
Fair value through profit or loss financial investments	1.957.455	17.593	-	1.939.862
Derivative instruments	49.051	-	49.051	-
Total	4.071.022	1.164.124	49.051	2.857.847
Financial liabilities				
Derivative instruments	28.018	-	28.018	-
Total	28.018	-	28.018	-
	31 December 2023	Fair value level as of reporting date		
		Level 1	Level 2	Level 3
Financial instruments				
Fair value through other comprehensive income financial investments	1.549.740	589.534	-	960.206
Fair value through profit or loss financial investments	2.046.237	15.911	-	2.030.326
Derivative instruments	41.437	-	41.437	-
Total	3.637.414	605.445	41.437	2.990.532
Financial liabilities				
Derivative instruments	77.945	-	77.945	-
Total	77.945	-	77.945	-

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23. FINANCIAL INSTRUMENTS (cont'd)

Changes of financial investments measured at their fair values during the period are as follows:

	Fair value through profit or loss financial investments		Fair value through other comprehensive income financial investments		Total
	Level 1	Level 3	Level 1	Level 3	
	Opening balance as at 1 January 2024	15.911	2.030.326	589.534	
Additions	-	4.631	-	-	4.631
Fair value increase (decrease)	2.370	-	556.997	-	559.367
Currency translation effect	(688)	(95.095)	-	(42.221)	(138.004)
Closing balance as at 31 March 2024	17.593	1.939.862	1.146.531	917.985	4.021.971

	Fair value through profit or loss financial investments		Fair value through other comprehensive income financial investments		Total
	Level 1	Level 3	Level 1	Level 3	
	Opening balance as at 1 January 2023	20.228	1.922.021	616.040	
Fair value increase (decrease)	1.578	(19.175)	(133.053)	7.063	(143.587)
Disposals	(2.182)	-	-	-	(2.182)
Currency translation effect	(1.855)	(173.293)	-	(119.355)	(294.503)
Closing balance as at 31 March 2023	17.769	1.729.553	482.987	1.273.531	3.503.840

The following methods have been used in measuring the fair values of the significant financial investment of the Group, those fair value level are determined to be Level 3:

Non-traded fair value through other comprehensive income financial investments

SOCAR Polymer Investments LLC

<i>Valuation Method</i>	<i>31 March 2024 Fair Value</i>	<i>Unobservable Inputs</i>	<i>Relation Between Unobservable Inputs and Fair Value Measurement</i>
Income Approach, Discounted Cash Flow	837.445	Weighted average cost of capital ratio: 12,9%	If the weighted average cost of capital ratio is increased to 13,9%, the estimated fair value decreases by 98.600; If it is decreased to 11,9%, the estimated fair value increases by 120.069.
<i>Valuation Method</i>	<i>31 December 2023 Fair Value</i>	<i>Unobservable Inputs</i>	<i>Relation Between Unobservable Inputs and Fair Value Measurement</i>
Income Approach, Discounted Cash Flow	878.612	Weighted average cost of capital ratio: 12,9%	If the weighted average cost of capital ratio is increased to 13,9%, the estimated fair value decreases by 103.446; If it is decreased to 11,9%, the estimated fair value increases by 125.972.

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23. FINANCIAL INSTRUMENTS (cont'd)

Non-traded fair value through other comprehensive income financial investments (cont'd)

Berlin Light JV S.a.r.l and Cording Dortmund Hiltropwall SCSp

Discounted cash flow and adjusted equity methods have been used in the fair value measurements of the related financial investments, and the cash flows expected to be obtained in the future are discounted to the present by using appropriate discount factors and the shareholders' equity is adjusted according to the discounted amounts.

Non-traded fair value through profit or loss financial investments

<i>Industry</i>	<i>Valuation Method</i>	<i>31 March 2024 Fair Value</i>	<i>Unobservable Inputs</i>	<i>Relation Between Unobservable Inputs and Fair Value Measurement</i>
<i>Contracting</i>	Equivalent value	285.082	Valuation multiplier : 1,16 - 1,45	If the average valuation multiplier is increased by 10%, the estimated fair value increases by 28.508, in case of a 10% decrease, the estimated fair value decreases by 28.508.
<i>Agriculture</i>	Equivalent value	1.461.037	Valuation multiplier : 2,21 - 2,46	If the average valuation multiplier is increased by 10%, the estimated fair value increases by 146.104, in case of a 10% decrease, the estimated fair value decreases by 146.104.
<i>Other</i>	Equivalent value	193.743	Valuation multiplier : 0,22 - 2,94	If the average valuation multiplier is increased by 10%, the estimated fair value increases by 19.374, in case of a 10% decrease, the estimated fair value decreases by 19.374.

<i>Industry</i>	<i>Valuation Method</i>	<i>31 December 2023 Fair Value</i>	<i>Unobservable Inputs</i>	<i>Relation Between Unobservable Inputs and Fair Value Measurement</i>
<i>Contracting</i>	Equivalent value	294.200	Valuation multiplier: 1 - 1,45	If the average valuation multiplier is increased by 10%, the estimated fair value increases by 29.420, in case of a 10% decrease, the estimated fair value decreases by 29.420.
<i>Agriculture</i>	Equivalent value	1.532.859	Valuation multiplier: 2,21 - 2,46	If the average valuation multiplier is increased by 10%, the estimated fair value increases by 153.286, in case of a 10% decrease, the estimated fair value decreases by 153.286.
<i>Other</i>	Equivalent value	203.267	Valuation multiplier: 0,22 - 2,94	If the average valuation multiplier is increased by 10%, the estimated fair value increases by 20.327, in case of a 10% decrease, the estimated fair value decreases by 20.327.

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23. FINANCIAL INSTRUMENTS (cont'd)

Non-traded fair value through profit or loss financial investments (cont'd)

Industrial distribution of the fair value movement of non-traded fair value through profit or loss financial investments is as follows:

	Fair value through profit or loss financial investments (Level 3)			
	Contracting	Agriculture	Other	Total
Opening balance as at 1 January 2024	294.200	1.532.859	203.267	2.030.326
Additions	4.631	-	-	4.631
Currency translation effect	(13.749)	(71.822)	(9.524)	(95.095)
Closing balance as at 31 March 2024	<u>285.082</u>	<u>1.461.037</u>	<u>193.743</u>	<u>1.939.862</u>
	Contracting	Agriculture	Other	Total
Opening balance as at 1 January 2023	316.252	1.313.056	292.713	1.922.021
Fair value change	-	(19.175)	-	(19.175)
Currency translation effect	(35.194)	(105.496)	(32.603)	(173.293)
Closing balance as at 31 March 2023	<u>281.058</u>	<u>1.188.385</u>	<u>260.110</u>	<u>1.729.553</u>

24. SUBSEQUENT EVENTS

Green hydrogen and green ammonia production, a Memorandum of Understanding (MoU) has been signed between Tekfen Holding A.Ş. and Enerjisa Enerji Üretim A.Ş. Through this MoU, the parties will negotiate with goodwill to work on a joint investment plan for low-carbon footprint green ammonia production, and collaborate on the engineering and installation activities of the facilities that could be established for this purpose. The form of collaboration will be determined during the negotiations, taking into account the principles outlined in the MoU.