

**TEKFEN HOLDİNG ANONİM ŐİRKETİ  
AND ITS SUBSIDIARIES**

CONSOLIDATED FINANCIAL  
STATEMENTS WITH THE  
INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR  
ENDED 31 DECEMBER 2021

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

CONTENT	PAGE
AUDITED CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS AT 31 DECEMBER 2021.....	1-2
AUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2021 .....	3
AUDITED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021 .....	4
AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021 .....	5
AUDITED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021 .....	6
NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 .....	7-93
NOTE 1 ORGANIZATION AND OPERATIONS OF THE GROUP .....	7-9
NOTE 2 BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS .....	10-27
NOTE 3 JOINT OPERATIONS .....	27
NOTE 4 SEGMENTAL REPORTING .....	28-31
NOTE 5 CASH AND CASH EQUIVALENTS .....	32
NOTE 6 FINANCIAL INVESTMENTS .....	32-33
NOTE 7 SHORT AND LONG-TERM BORROWINGS.....	34-35
NOTE 8 TRADE RECEIVABLES AND PAYABLES .....	36-37
NOTE 9 OTHER RECEIVABLES AND PAYABLES .....	38
NOTE 10 INVENTORIES .....	38-39
NOTE 11 CONTRACT ASSETS AND LIABILITIES ARISING FROM ONGOING CONSTRUCTION WORKS .....	39
NOTE 12 INVESTMENTS VALUED BY EQUITY METHOD .....	40-42
NOTE 13 INVESTMENT PROPERTY .....	43
NOTE 14 PROPERTY, PLANT AND EQUIPMENT .....	44-45
NOTE 15 RIGHT-OF-USE ASSETS .....	46-47
NOTE 16 OTHER INTANGIBLE ASSETS .....	48
NOTE 17 GOODWILL .....	49-50
NOTE 18 PREPAID EXPENSES AND DEFERRED REVENUE .....	51
NOTE 19 GOVERNMENT GRANTS AND INCENTIVES .....	51-52
NOTE 20 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES .....	52-54
NOTE 21 COMMITMENTS .....	55
NOTE 22 EMPLOYEE BENEFITS .....	56-57
NOTE 23 OTHER CURRENT/NON-CURRENT ASSETS AND OTHER SHORT TERM LIABILITIES .....	58
NOTE 24 SHAREHOLDERS' EQUITY .....	58-60
NOTE 25 REVENUE AND COST OF REVENUE .....	61-62
NOTE 26 GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES .....	63-64
NOTE 27 EXPENSES BY NATURE .....	64
NOTE 28 OTHER OPERATING INCOME AND EXPENSES .....	65
NOTE 29 INVESTMENT INCOME AND EXPENSES .....	66
NOTE 30 FINANCIAL INCOME AND EXPENSES .....	66
NOTE 31 ASSETS CLASSIFIED AS HELD FOR SALE .....	67
NOTE 32 TAX INCOME AND EXPENSES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) .....	67-73
NOTE 33 EARNINGS PER SHARE .....	74
NOTE 34 RELATED PARTY TRANSACTIONS .....	74-76
NOTE 35 DERIVATIVE INSTRUMENTS.....	76
NOTE 36 NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS.....	77-85
NOTE 37 FINANCIAL INSTRUMENTS.....	86-89
NOTE 38 OTHER MATTERS MATERIALLY AFFECTING FINANCIAL STATEMENTS .....	90-93
NOTE 39 FEES FOR SERVICES RECEIVED FROM INDEPENDENT AUDIT FIRM.....	93
NOTE 40 SUBSEQUENT EVENTS.....	93

**TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES****AUDITED CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2021**

(Amounts are expressed in Thousands of Turkish Lira ("TRY") unless otherwise stated.)

<b>ASSETS</b>	<b>Notes</b>	<b>Audited 31 December 2021</b>	<b>Audited 31 December 2020</b>
<b>Current Assets</b>		<b>15.407.337</b>	<b>9.013.197</b>
Cash and cash equivalents	5	5.064.108	3.259.116
Financial investments	6	51.845	82.118
Trade receivables	8	2.814.220	2.038.851
- Related party receivables		50.462	106.715
- Trade receivables		2.763.758	1.932.136
Other receivables	9	101.659	81.642
- Related party receivables		-	1.925
- Other receivables		101.659	79.717
Contract assets arising from ongoing construction works	11	1.863.471	631.682
Derivative instruments	35	249.886	9.046
Inventories	10	3.952.236	2.033.545
Prepaid expenses	18	349.216	408.930
- Prepaid expenses		349.216	408.930
Assets related with current tax	32	434.363	154.823
Other current assets	23	476.648	245.921
- Other current assets		476.648	245.921
		<b>15.357.652</b>	<b>8.945.674</b>
Assets classified as held for sale	31	49.685	67.523
<b>Non-Current Assets</b>		<b>6.506.236</b>	<b>4.903.836</b>
Financial investments	6	1.866.285	1.414.920
Trade receivables	8	184.737	293.407
- Trade receivables		184.737	293.407
Other receivables	9	14.025	12.983
- Other receivables		14.025	12.983
Investments valued by equity method	12	95.625	115.818
Investment property	13	168.024	137.019
Property, plant and equipment	14	3.441.525	2.576.975
Right-of-use assets	15	62.194	62.741
Intangible assets		150.699	136.095
- Goodwill	17	95.687	91.838
- Other intangible assets	16	55.012	44.257
Prepaid expenses	18	52.255	18.968
- Prepaid expenses		52.255	18.968
Deferred tax assets	32	436.525	111.413
Other non-current assets	23	34.342	23.497
- Other non-current assets		34.342	23.497
<b>TOTAL ASSETS</b>		<b>21.913.573</b>	<b>13.917.033</b>

The accompanying notes form an integral part of these consolidated financial statements.  
Translated into English from the report originally issued in Turkish.

# TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## AUDITED CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2021

(Amounts are expressed in Thousands of Turkish Lira (“TRY”) unless otherwise stated.)

<b>LIABILITIES</b>	<b>Notes</b>	<b>Audited 31 December 2021</b>	<b>Audited 31 December 2020</b>
<b>Current Liabilities</b>		<b>13.073.283</b>	<b>7.474.512</b>
Short-term borrowings	7	3.088.485	1.875.394
Short-term portion of long-term borrowings	7	88.282	210.267
Trade payables	8	6.832.598	3.418.087
- Related party payables		10.174	12.835
- Trade payables		6.822.424	3.405.252
Payables related to employee benefits	22	126.891	64.602
Other payables	9	117.262	117.733
- Related party payables		-	40.142
- Other payables		117.262	77.591
Contract liabilities arising from ongoing construction works	11	457.701	435.122
Derivative instruments	35	198.465	-
Deferred revenue	18	880.956	590.110
- Deferred revenue		880.956	590.110
Current tax liability	32	499.325	137.578
Short-term provisions		777.228	596.524
- Short-term provisions attributable to employee benefits	22	260.389	143.430
- Other short-term provisions	20	516.839	453.094
Other short-term liabilities	23	6.090	29.095
- Other short-term liabilities		6.090	29.095
<b>Non-Current Liabilities</b>		<b>1.114.830</b>	<b>631.621</b>
Long-term borrowings	7	324.786	272.613
Trade payables	8	218.075	67.228
- Trade payables		218.075	67.228
Other payables	9	86.305	69.427
- Other payables		86.305	69.427
Government incentives and grants	19	-	1.132
Deferred revenue	18	231	241
- Deferred revenue		231	241
Long-term provisions		288.417	119.606
- Long-term provisions attributable to employee benefits	22	288.362	119.534
- Other long-term provisions	20	55	72
Deferred tax liabilities	32	197.016	101.374
<b>TOTAL LIABILITIES</b>		<b>14.188.113</b>	<b>8.106.133</b>
<b>EQUITY</b>		<b>7.725.460</b>	<b>5.810.900</b>
<b>Equity Attributable To Owners Of The Parent</b>	24	<b>7.595.637</b>	<b>5.730.139</b>
Paid in capital		370.000	370.000
Capital structure adjustment		3.475	3.475
Premiums in capital stock		300.984	300.984
Accumulated other comprehensive income (loss) that will not be reclassified in profit or loss		(359.392)	292.529
- Gain (loss) on investments in equity instruments		(362.986)	292.516
- Gain on revaluation and remeasurement		3.594	13
Accumulated other comprehensive income (loss) that will be reclassified in profit or loss		2.770.245	1.063.183
- Currency translation reserve		2.577.869	1.055.947
- Hedging reserve	35	192.376	7.236
Legal reserves		397.716	382.727
Prior years' income		3.273.381	3.377.366
Net profit (loss) for the period		839.228	(60.125)
<b>Non-controlling Interests</b>		<b>129.823</b>	<b>80.761</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>21.913.573</b>	<b>13.917.033</b>

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

Translated into English from the report originally issued in Turkish.

# TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## AUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in Thousands of Turkish Lira ("TRY") unless otherwise stated.)

	Notes	Audited 1 January - 31 December 2021	Audited 1 January - 31 December 2020
Revenue	25	16.222.968	11.729.779
Cost of revenue (-)	25	(14.942.903)	(10.815.782)
<b>GROSS PROFIT</b>		<b>1.280.065</b>	<b>913.997</b>
General administrative expenses (-)	26	(695.374)	(482.000)
Marketing expenses (-)	26	(340.386)	(326.154)
Research and development expenses (-)	26	(28.233)	(22.516)
Other operating income	28	997.276	760.704
Other operating expenses (-)	28	(1.772.377)	(903.426)
Share on profit of investments valued by equity method	12	80.808	60.407
<b>OPERATING PROFIT (LOSS)</b>		<b>(478.221)</b>	<b>1.012</b>
Investment income	29	475.507	62.498
Investment expense (-)	29	(86.539)	(58.733)
<b>PROFIT (LOSS) BEFORE FINANCIAL INCOME (EXPENSES)</b>		<b>(89.253)</b>	<b>4.777</b>
Financial income	30	2.918.301	824.286
Financial expense (-)	30	(1.700.004)	(599.589)
<b>PROFIT FROM CONTINUING OPERATIONS BEFORE TAXATION</b>		<b>1.129.044</b>	<b>229.474</b>
<b>Tax Expense from Continuing Operations (-)</b>	32	<b>(299.654)</b>	<b>(296.872)</b>
Tax expense for the period (-)		(581.185)	(241.439)
Deferred tax (expense) income for the period		281.531	(55.433)
<b>PROFIT (LOSS) FROM CONTINUING OPERATIONS FOR THE PERIOD</b>		<b>829.390</b>	<b>(67.398)</b>
<b>Distribution of Profit (Loss) for the Period</b>			
Non-controlling interests		(9.838)	(7.273)
Owners of the parent		839.228	(60.125)
<b>Earnings (Loss) Per Share</b>	33	2,268	(0,163)

The accompanying notes form an integral part of these consolidated financial statements.  
Translated into English from the report originally issued in Turkish.

# TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## AUDITED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in Thousands of Turkish Lira ("TRY") unless otherwise stated.)

	<u>Notes</u>	<u>Audited 1 January- 31 December 2021</u>	<u>Audited 1 January- 31 December 2020</u>
<b>PROFIT (LOSS) FOR THE PERIOD</b>		<b>829.390</b>	<b>(67.398)</b>
<b>OTHER COMPREHENSIVE INCOME:</b>			
<b><u>Items that will not be reclassified to profit or loss</u></b>			
Gain (loss) on investments in equity instruments (-)		(651.921)	202.507
Gain (loss) on revaluation of defined benefit plans	24	(660.225)	213.216
Taxes based on other comprehensive income that will not be reclassified to profit or loss		4.476	(2.865)
- <i>Deferred tax (expense) income</i>		3.828	(7.844)
		3.828	(7.844)
<b><u>Items that will be reclassified to profit or loss</u></b>			
Currency translation reserve differences	24	1.766.295	610.168
Other comprehensive income related to cash flow hedging		1.581.155	579.749
Taxes based on other comprehensive income that will be reclassified to profit or loss		240.794	38.767
- <i>Deferred tax expense (-)</i>		(55.654)	(8.348)
		(55.654)	(8.348)
<b>OTHER COMPREHENSIVE INCOME</b>		<b>1.114.374</b>	<b>812.675</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>1.943.764</b>	<b>745.277</b>
<b>Distribution of Total Comprehensive Income for The Period</b>			
Non-controlling interests		49.395	4.753
Owners of the parent		1.894.369	740.524

The accompanying notes form an integral part of these consolidated financial statements.  
Translated into English from the report originally issued in Turkish.

# TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in Thousands of Turkish Lira (“TRY”) unless otherwise stated.)

Audited	Paid in capital	Capital structure adjustment	Premiums in capital stock	Items not to be reclassified to profit or loss	Items to be reclassified to profit or loss	Retained Earnings							
				Gain (loss) on investments in equity instruments	Gain (loss) on revaluation and remeasurement	Currency translation reserve	Hedging reserve	Legal reserves	Prior years' income	Net profit (loss) for the period	Equity attributable to owners of the parent	Non-controlling interests	Equity
<b>Opening balance as of 1 January 2020</b>	370.000	3.475	300.984	87.717	2.305	488.224	(23.183)	278.423	2.499.985	1.420.750	5.428.680	68.190	5.496.870
Transfers	-	-	-	-	-	-	-	104.304	1.316.446	(1.420.750)	-	-	-
Total comprehensive income	-	-	-	204.799	(2.292)	567.723	30.419	-	-	(60.125)	740.524	4.753	745.277
- Loss for the period (-)	-	-	-	-	-	-	-	-	-	(60.125)	(60.125)	(7.273)	(67.398)
- Other comprehensive income (loss)	-	-	-	204.799	(2.292)	567.723	30.419	-	-	-	800.649	12.026	812.675
Capital increase	-	-	-	-	-	-	-	-	-	-	-	7.814	7.814
Dividends	-	-	-	-	-	-	-	-	(456.320)	-	(456.320)	-	(456.320)
Acquisition of subsidiary	-	-	-	-	-	-	-	-	-	-	-	4	4
Other changes	-	-	-	-	-	-	-	-	17.255	-	17.255	-	17.255
<b>Closing balance as of 31 December 2020</b>	<b>370.000</b>	<b>3.475</b>	<b>300.984</b>	<b>292.516</b>	<b>13</b>	<b>1.055.947</b>	<b>7.236</b>	<b>382.727</b>	<b>3.377.366</b>	<b>(60.125)</b>	<b>5.730.139</b>	<b>80.761</b>	<b>5.810.900</b>
<b>Audited</b>													
<b>Opening balance as of 1 January 2021</b>	370.000	3.475	300.984	292.516	13	1.055.947	7.236	382.727	3.377.366	(60.125)	5.730.139	80.761	5.810.900
Transfers	-	-	-	-	-	-	-	14.989	(75.114)	60.125	-	-	-
Total comprehensive income (loss)	-	-	-	(655.502)	3.581	1.521.922	185.140	-	-	839.228	1.894.369	49.395	1.943.764
- Profit (loss) for the period	-	-	-	-	-	-	-	-	-	839.228	839.228	(9.838)	829.390
- Other comprehensive income (loss)	-	-	-	(655.502)	3.581	1.521.922	185.140	-	-	-	1.055.141	59.233	1.114.374
Increase (decrease) due to changes in the proportion of shares in subsidiaries that doesn't result in loss of control	-	-	-	-	-	-	-	-	(14.691)	-	(14.691)	(333)	(15.024)
Other changes	-	-	-	-	-	-	-	-	(14.180)	-	(14.180)	-	(14.180)
<b>Closing balance as of 31 December 2021</b>	<b>370.000</b>	<b>3.475</b>	<b>300.984</b>	<b>(362.986)</b>	<b>3.594</b>	<b>2.577.869</b>	<b>192.376</b>	<b>397.716</b>	<b>3.273.381</b>	<b>839.228</b>	<b>7.595.637</b>	<b>129.823</b>	<b>7.725.460</b>

The accompanying notes form an integral part of these consolidated financial statements.  
Translated into English from the report originally issued in Turkish.

# TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## AUDITED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in Thousands of Turkish Lira ("TRY") unless otherwise stated.)

	Notes	Audited 1 January - 31 December 2021	Audited 1 January - 31 December 2020
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
		<b>533.849</b>	<b>(1.089.049)</b>
Profit (Loss) for the Period		829.390	(67.398)
Adjustments to Reconcile Net Profit		399.252	901.531
- Depreciation and Amortization	13,14,15,16	431.230	315.018
- Impairment/Reversed Provision	25,29	35.599	3.782
- Provision Adjustments	8,20,22	97.951	312.918
- Dividend Income and Expenses	29	(8.787)	(7.287)
- Interest Income and Expense Adjustments	30	29.275	41.152
- Gain/Loss on Fair Valuation	6,29,37	(225.080)	6.108
- Group's Share on Profit of Investments Valued by Equity Method	12	(80.808)	(60.407)
- Allowance for Taxation	32	299.654	296.872
- Adjustments for Gain/Loss on Sale of Fixed Assets	29	(38.910)	(5.920)
- Adjustments for Gain/Loss on Sales of Assets Held for Sale	29	(16.278)	-
- Adjustments for Gain/Loss on Sales of Joint Ventures and Financial Investments	29	(124.594)	(705)
Movements in Working Capital		(54.474)	(1.235.754)
- Changes in Financial Investments	6	30.273	(69.336)
- Changes in Trade Receivables	8	(722.990)	(90.913)
- Changes in Other Assets	9	(252.954)	151.974
- Changes in Contract Assets Arising from Ongoing Construction Works	11	(1.231.789)	60.419
- Changes in Inventories	10	(1.925.399)	(596.448)
- Changes in Prepaid Expenses	18	58.130	(46.672)
- Changes in Trade Payables	8	3.564.886	48.054
- Changes in Payables Related to Employee Benefits	22	62.289	(13.393)
- Changes in Contract Liabilities Arising from Ongoing Construction Works	11	22.579	(570.954)
- Changes in Other Liabilities	9	49.665	(7.795)
- Changes in Deferred Revenue	18	290.836	(100.690)
Cash Generated by Operating Activities		1.174.168	(401.621)
Interest Paid		(150.731)	(108.689)
Interest Received		138.271	77.041
Provision Paid Related to Employee Benefits	22	(127.207)	(105.004)
Other Provision Paid	20	(1.674)	(2.633)
Tax Paid/Return	32	(498.978)	(548.143)
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
		<b>(136.551)</b>	<b>(1.250.087)</b>
Cash Inflows from Sales of Shares or Capital Decrease of Associates or Joint Ventures	38	216.048	1.403
Payments due to Share Acquisition or Capital Increase of Associates or Joint Ventures	12	(444)	(850)
Cash Inflows for Sales of Shares in Other Entities or Shares in Funds or Borrowing Instruments	37	216.431	7.115
Cash Outflows for Acquisition of Shares in Other Entities or Shares in Funds or Borrowing Instruments	6,37	(182.970)	(788.423)
Proceeds from Sales of Tangible and Intangible Assets	14,16	20.604	29.628
Acquisition of Tangible and Intangible Assets	14,16	(556.115)	(566.269)
Proceeds from Sales of Investment Properties	13	46.021	5.000
Acquisition of Investment Properties	13	-	(1.457)
Proceeds from Sales of Assets Held for Sale	31	83.190	-
Advances and Debts Given	18	(31.703)	9.539
Dividend Received	12,29	52.387	54.227
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
		<b>(43.152)</b>	<b>899.073</b>
Proceeds from Borrowings	7	2.551.172	2.292.683
Repayments of Borrowings	7	(2.481.203)	(964.639)
Payments of Lease Obligations	7	(42.039)	(43.733)
Dividend paid	24,38	(71.082)	(385.238)
<b>CHANGE IN CASH AND CASH EQUIVALENTS BEFORE CURRENCY TRANSLATION RESERVE EFFECT</b>			
		<b>354.146</b>	<b>(1.440.063)</b>
<b>D. CURRENCY TRANSLATION RESERVE EFFECT ON CASH AND CASH EQUIVALENTS</b>			
		1.450.846	604.554
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)</b>			
		<b>1.804.992</b>	<b>(835.509)</b>
<b>E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>			
		3.259.116	4.094.625
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)</b>			
	5	<b>5.064.108</b>	<b>3.259.116</b>

The accompanying notes form an integral part of these consolidated financial statements.  
Translated into English from the report originally issued in Turkish.



# TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in Thousands of Turkish Lira (“TRY”) unless otherwise stated.)

### 1. ORGANIZATION AND OPERATIONS OF THE GROUP

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

As of 31 December 2021, the Group has employees 16.543 (31 December 2020: 18.444) including the personnel of subcontractors. Registered address of the Company is Kültür Mahallesi, Budak Sokak, Tekfen Sitesi, A Blok, No: 7, Beşiktaş, İstanbul, Türkiye.

Company shares are listed on Borsa İstanbul since 23 November 2007.

As of 31 December, the details of registered names of the subsidiaries, joint ventures and branches, their nature of business, their countries of origin, their business segments and their direct / effective share participation rates are listed below:

Subsidiaries	Nature of Business	Country of Origin	Direct/Effective Share Participation		Business Segment
			2021	2020	
Tekfen İnşaat ve Tesisat A.Ş. “Tekfen İnşaat”	Construction	Turkey	100	100	Engineering & Contracting
Tekfen Mühendislik A.Ş. “Temaş”	Engineering	Turkey	100	100	Engineering & Contracting
Tekfen İmalat ve Mühendislik A.Ş. “Timaş”	Manufacturing	Turkey	100	100	Engineering & Contracting
Cenub Tikinti Servis ASC “Cenub Tikinti”	Construction	Azerbaijan	51	51	Investment
HMB Hallesche Mitteldeutsche Bau- Aktiengesellschaft “HMB”	Trading	Germany	100	100	Engineering & Contracting
Gate İnşaat Taahhüt San. ve Tic. A.Ş. “Gate ”	Construction	Turkey	100	100	Engineering & Contracting
Denkmal in Dahlem Otto-Hahn-Platz GmbH "Denkmal Dahlem" (*)	Construction	Germany	89	80	Engineering & Contracting
OOO Rusfen “Rusfen”	Construction	Russia	100	100	Engineering & Contracting
Gate Construction "Gate Construction"	Construction	Kazakhstan	100	100	Engineering & Contracting
Tekfen Construction and Installation W.L.L “Tekfen Construction”	Construction	Qatar	49	-	Engineering & Contracting
Eurl Tekfen Algeria “Tekfen Algeria”	Construction	Algeria	100	-	Engineering & Contracting
Toros Tarım Sanayi ve Ticaret A.Ş. “Toros Tarım”	Agriculture- Shipping Agent	Turkey	100	100	Chemical Industry and Service
Toros Adana Yumurtalık Serbest Bölgesi Kur. ve İşleticisi A.Ş. “Tayseb”	Service	Turkey	100	100	Service
Toros Terminal Servisleri ve Denizcilik A.Ş. “Toros Terminal”	Service	Turkey	100	100	Chemical Industry
Toros Gemi Acenteliği ve Ticaret A.Ş. “Toros Gemi”	Shipping Agent	Turkey	100	100	Service
Tekfen Tarımsal Araştırma Üretim ve Pazarlama A.Ş. "Tekfen Tarım"	Manufacturing	Turkey	100	100	Agricultural Production
Alanar Meyve ve Gıda Üretim Pazarlama Sanayi ve Tic. A.Ş. "Alanar Meyve"	Fruit Manufacturing	Turkey	100	100	Agricultural Production
Toros Gönen Yenilenebilir Enerji Üretim A.Ş. “Gönen Enerji”	Agriculture – Electricity	Turkey	70	70	Chemical Industry
Toros Meram Yenilenebilir Enerji Üretim A.Ş. “Meram Enerji”	Agriculture – Electricity	Turkey	70	70	Chemical Industry

(\*) %8,89 of non-controlling interests acquired during the current year.

# TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in Thousands of Turkish Lira (“TRY”) unless otherwise stated.)

### 1. ORGANIZATION AND OPERATIONS OF THE GROUP (cont’d)

Subsidiaries	Nature of Business	Country of Origin	Direct/Effective Share Participation		Business Segment
			2021	2020	
Toros Agroport Romania S.A “Toros Agroport”	Fertilizer Trade	Romania	100	100	Chemical Industry
Tekfen Turizm ve İşletmecilik A.Ş. “Tekfen Turizm”	Service	Turkey	100	100	Service
Tekfen Gayrimenkul Yatırım A.Ş. “Tekfen Gayrimenkul”	Investment	Turkey	100	100	Investment
Tekfen Sigorta Aracılık Hizmetleri A.Ş. “Tekfen Sigorta”	Insurance Service	Turkey	100	100	Service
Tekfen Endüstri ve Ticaret A.Ş. “Tekfen Endüstri”	Trading	Turkey	100	100	Investment
Tekfen International Finance and Investments S.A. “Tekfen Finance”	Investment	Luxembourg	100	100	Investment
Tekfen Teknoloji Yatırım ve Ticaret A.Ş. “Tekfen Teknoloji”	Investment	Turkey	100	100	Investment
CFS Petrokimya Sanayi A.Ş. “CFS”	Investment	Turkey	100	100	Chemical Industry
Techinvestments MMC “Techinvestments”	Investment	Azerbaijan	100	100	Investment
Tekfen Ventures L.P. “Tekfen Ventures”	Investment	USA	100	100	Investment
Tekfen Venture Management LLC “Venture Management”	Management Service	USA	100	100	Investment

Joint Ventures	Nature of Business	Country of Origin	Direct/Effective Share Participation		Business Segment
			2021	2020	
Hishtil Toros Fidecilik San. ve Tic. A.Ş. “H-T Fidecilik”	Agriculture	Turkey	50	50	Agricultural Production
Azfen Birge Müessesesi “Azfen”	Construction	Azerbaijan	40	40	Engineering & Contracting
Florya Gayrimenkul Yatırım İnş. Tur. San. Tic. A.Ş. “Florya Gayrimenkul” (*)	Real Estate	Turkey	-	50	Investment

(\*) Shares of Florya Gayrimenkul were sold on 8 July 2021 (Note: 38).

Branches	Nature of Business	Country of Origin	Business Segment
Tekfen İnşaat – Baku Branch	Construction	Azerbaijan	Engineering & Contracting
Tekfen İnşaat – Saudi Arabia Branch	Construction	Saudi Arabia	Engineering & Contracting
Tekfen İnşaat – Morocco Branch	Construction	Morocco	Engineering & Contracting
Tekfen İnşaat – Qatar Branch	Construction	Qatar	Engineering & Contracting
Tekfen İnşaat – Iraq Branch	Construction	Iraq	Engineering & Contracting
Tekfen İnşaat – Dubai Branch	Construction	United Arab Emirates	Engineering & Contracting
Tekfen İnşaat – Turkmenistan Branch	Construction	Turkmenistan	Engineering & Contracting
Tekfen İnşaat – Mozambique Branch	Construction	Mozambique	Engineering & Contracting
Tekfen Mühendislik – Kenya Branch	Engineering	Kenya	Engineering & Contracting

# TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in Thousands of Turkish Lira ("TRY") unless otherwise stated.)

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

Group's management conducts its operations within five principal business segments: Engineering and Contracting, Chemical Industry, Agricultural Production, Service, and Investment. Each segment company has liability to prepare financial statements according to Group's accounting policies. Natures of businesses of the Group companies are summarized below:

#### Engineering and Contracting Segment

Engineering and Contracting segment undertake infrastructure and industrial construction projects in Turkey, Azerbaijan, Kazakhstan, Saudi Arabia, Qatar, Iraq and Russia. Petroleum, gas and petrochemical facilities, pipelines, land and marine terminals, offshore platforms, tank farms, oil refineries, pumping stations, power plants, and highway, subway, bridge and tunnel construction, electrical and instrumentation projects, infrastructure projects, production facilities, commercial and technical building complexes and major sports complexes are included in Engineering and Contracting segment's scope of activity. Income provided from the consolidation of Azfen by equity method is disclosed in this segment.

#### Chemical Industry Segment

The Chemical Industry segment, which is mainly focuses on fertilizer production, continues its activities in the fields of mineral fertilizers as well as special water soluble fertilizers and organic/organomineral fertilizers. It also manufactures bags used in fertilizer packaging in its own facility. Additionally, it generates biogas through the fermentation of organic wastes and electricity from biogas and also produces solid and liquid organic fertilizers from wastes that have completed the gasification process.

#### Agricultural Production Segment

Agricultural Production segment has operations in ground and vegetable grain, production, distribution and trade of seedling and sapling. In the field of agricultural production, plant tissue, banana sapling cultivation, high quality potato seed, sesame, certified wheat germ production and sale activities are carried out. Also production, packaging and export operations of cherry, apricot, pomegranate, plum, persimmon and figs are made. Income provided from the consolidation of H-T Fidecilik by equity method is disclosed in this group.

#### Service Segment

Service Segment has operations in terminal management, guidance, towage, agency business, free zone operations, insurance services, building and facility management services.

#### Investment Segment

Operations of Investment segment mainly comprise of Tekfen Ventures' investments in innovation-creating initiatives and holding operations. Holding operations are executed by the Company and include coordinating the Group's financial needs when needed. Dividend income, rent income, interest income, foreign exchange gains of Tekfen Holding and fair value gains of financial investments are main source of Investment Segment's revenue. In addition to Tekfen Ventures' investments, SOCAR Polymer Investments LLC, Akmerkez Gayrimenkul Yatırım Ortaklığı and Berlin Light JV S.a.r.l, some of the Group's major financial investments, are also within the scope of the Investment Segment's activities.

#### Approval of consolidated financial statements

Consolidated financial statements are approved by the Board of Directors and have been granted authorization to be published on the date of 23 February 2022. The General Assembly and other regulatory organs reserve their right to modify and change these consolidated financial statements.

# TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in Thousands of Turkish Lira (“TRY”) unless otherwise stated.)

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

#### 2.1 The Basis of Presentation

##### Basis of Preparation of Financial Statements and Summary of Significant Accounting Policies

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

The accompanying 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 and additions and interpretations regarding these standards (“TFRS”) as adopted by the Public Oversight Accounting and Auditing Standards Authority (“POA”) are predicated on in accordance with article 5th of the Communiqué.

Additionally, the 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 15 April 2019.

According to the announcement made by POA on 20 January 2022, since the cumulative change in the general purchasing power of the last three years according to the Consumer Price Index (“CPI”) is 74.41%, it has been stated that the companies applying TFRS, will not need to make any adjustment under TAS 29 Financial Reporting Standard in High Inflationary Economies in 2021. Therefore, while preparing the consolidated financial statements as of 31 December 2021, no inflation adjustment was made according to TAS 29.

The consolidated financial statements, have been prepared on the historical cost basis except for the following items those measured at fair value:

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

Historical cost is generally based on the fair value of the consideration paid on the date of purchase in exchange for assets.

##### Functional and Reporting Currency

The separate financial statements of each Group entity are prepared in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Turkish Lira (“TRY”), which is the functional currency of the Company, and the reporting currency for the consolidated financial statements.

In accordance with TAS 21 (The Effects of Changes in Foreign Exchange Rates), balance sheet items of functional currencies are differed from TRY, are translated with the rate prevailing at the balance sheet date and revenue, expenses and cash flows are translated with the exchange rates at the transaction date (historical rates) or yearly average rate in the case of uncertain transaction date. Gain/loss arising from the translation is recognized in the currency translation reserve under equity. The functional currency of Tekfen İnşaat, a subsidiary of the Group, is US Dollars. Due to the depreciation of the TL against foreign currencies in the last quarter of the current year because of the economic conditions in Turkey, Tekfen Construction's income and expenses in the last quarter of the current year were translated into TL at the average rate of the last quarter of the current year.

The exchange rates used in the consolidation process as of 31 December 2020 are 1 USD= 12,9775 TRY, 1 EUR= 14,6823 TRY, 1 AZN= 7,6338 TRY, 1 SAR= 3,4607 TRY, 1 QAR= 3,5555 TRY, 1 RON= 2,9498 (As of 31 December 2020; 1 USD= 7,3405 TRY, 1 EUR= 9,0079 TRY, 1 AZN= 4,3179 TRY, 1 SAR= 1,9575 TRY, 1 QAR= 2,0111 TRY, 1 RON= 1,8373)

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in Thousands of Turkish Lira (“TRY”) unless otherwise stated.)

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

##### 2.1 The Basis of Presentation (cont’d)

###### Consolidation Principles

Consolidated financial statements are made of entities’ financial statements that are either controlled by the Company or its subsidiaries. The Company and its subsidiaries control an investee when it is exposed, or have rights, to variable returns from its involvement with the investee and have the ability to affect those returns through its power over the investee.

Control is maintained by the Company where it has less voting rights than the majority of an investee but still voting rights are sufficient to give the practical ability to direct or manage relevant activities of the related investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company’s voting rights in an investee are sufficient to maintain power.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. The results of the purchased or sold subsidiaries of the Group are shown in the consolidated profit or loss and consolidated other comprehensive income statement that belongs to the dates after they purchased or the dates before they sold.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group’s accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

###### Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are included in these consolidated financial statements using the equity method of accounting, except the ones that are classified as assets held for sale in accordance with TFRS 5. Under the equity method, an investment in associate or a joint venture is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group’s share of the profit or loss and other comprehensive income of the associate or joint venture and any impairment. When the Group’s share of losses of an associate or a joint venture exceeds the Group’s interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group’s net investment in the associate or joint venture), the Group discontinues recognizing its share of further losses. Any additional losses are recognized if the Group is exposed to any legal or constructive obligation or the Group has made payments on behalf of the associate or a joint venture.

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in Thousands of Turkish Lira ("TRY") unless otherwise stated.)

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

### 2.1 The Basis of Presentation (cont'd)

#### Interests in Joint Operations:

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The details of the joint operations of the Group as of 31 December are as follows:

Joint Operations	Nature of Business	Country of Origin	Direct/Effective		Business Segment
			2021	2020	
Tekfen-Tubin-Özdemir J.V. "TÖT J.V."	Construction	Turkey	71	71	Engineering & Contracting
Gama-Tekfen-Tokar J.V. "GTT J.V."	Construction	Turkey	35	35	Engineering & Contracting
Tekfen TML J.V. "Tekfen TML J.V."	Construction	Libya	67	67	Engineering & Contracting
Doğuş - Tekfen Adi Ortaklığı "Doğuş - Tekfen"	Construction	Turkey	50	50	Engineering & Contracting
Tekfen - Al Jaber Engineering "Tekfen – Al Jaber J.V."	Construction	Qatar	50	50	Engineering & Contracting
Tekfen - T Engineering Ortak Girişimi "Tekfen - T Engineering J.V."	Construction	Turkey	85	85	Engineering & Contracting
Istek Construction "Istek J.V."	Construction	Kazakhstan	50	50	Engineering & Contracting

When a group entity undertakes its activities under joint operations, the Group as a joint operator recognizes in relation to its interest in a joint operation:

- Its assets, including its share of any assets held jointly,
- Its liabilities, including its share of any liabilities incurred jointly,
- Its revenue generated from the sale of any product/output arising from the joint operation,
- Its share of the revenue from the sale of the output by the joint operation,
- Its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the TFRS applicable to the particular assets, liabilities, revenues and expenses.

# TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in Thousands of Turkish Lira (“TRY”) unless otherwise stated.)

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

#### 2.2 Changes in Accounting Policies

Significant changes in accounting policies have been applied retrospectively and prior period consolidated financial statements are restated. In the current year, there are not any material changes in accounting policies of the Group.

#### 2.3 Changes in Accounting Estimates and Errors

If changes in accounting estimates and errors are for only one period, changes are applied in the current year but if the estimated changes affect the following periods, changes are applied both on the current and following years prospectively. In the current year, there are not any material changes in accounting estimate methods of the Group.

If any significant accounting errors are found out, changes are applied retrospectively, and prior year’s financial statements are restated. The Group did not determine any significant accounting errors in the current year.

#### 2.4 Adoption of New and Amended Standards

New and revised standards and interpretations are presented below:

##### (a) Amendments in standards affecting the notes and amounts in the consolidated financial statements:

- None.

##### (b) Standards, amendments and interpretations to existing standards that are effective as of the year 2021, but not affecting the consolidated financial statements of the Group:

- TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16 (amendments) – “The benchmark interest rate reform Phase 2” is effective for annual periods beginning after 1 January 2021.

##### (c) Standards and interpretations and amendments to existing standards that are issued but not yet effective and have not been early adopted by the Group:

- TFRS 17 and TFRS 4 (amendments), postponement of the application of TFRS 9; effective for annual periods beginning after 1 January 2023.
- TFRS 17 “Insurance Contracts”, effective for annual periods beginning after 1 January 2023.
- TAS 1 (amendments), “Classification of Liabilities”, effective for annual periods beginning after 1 January 2023.
- Annual Improvements to TFRS 2018-2020 Cycle (TFRS 1, TFRS 9, TAS 41), effective for annual periods beginning after 1 January 2022.
- TFRS 3 (amendments), “Reference to the Conceptual Framework”, effective for annual periods beginning after 1 January 2022.
- TAS 16 (amendments), “Property, Plant and Equipment - Proceeds before Intended Use”, effective for annual periods beginning after 1 January 2022.
- TAS 37 (amendments), “Onerous Contracts - Cost of Fulfilling a Contract”, effective for annual periods beginning after 1 January 2022.
- TAS 12 (amendments), “Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction”, effective for annual periods beginning after 1 January 2023.
- TAS 8 (amendments), “Definition of Accounting Estimates”, effective for annual periods beginning after 1 January 2023.
- TAS 1 (amendments), “Disclosure of Accounting Policies”, effective for annual periods beginning after 1 January 2023.

The Group evaluates the effects of the standards issued but not yet effective as of 31 December 2021 on its consolidated financial position and performance.

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in Thousands of Turkish Lira ("TRY") unless otherwise stated.)

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

##### 2.5 Summary of Significant Accounting Policies

###### Revenue

When the Group meets its performance obligation by transferring a product or service that is committed before, the revenue is recognised in consolidated financial statements. When the the client takes over the control of an asset, the asset is deemed transferred. The Group recognises revenue based on the following five principles:

- Determining client agreements,
- Determining performance obligations in agreements,
- Determining transaction price in agreements,
- Distributing transaction price to performance obligations in agreements,
- Recognising the revenue as each performance obligation is met.

If all of the below-mentioned conditions are met, the Group recognises an agreement made with the client as revenue:

- Parties to the agreement approved the agreement (in writing, orally or in other means in line with commercial practices) and committed to meet their respective obligations,
- Group can define the rights of each party concerning the goods or services to be transferred,
- Group can define payment conditions concerning the goods or services to be transferred,
- The agreement is commercial in essence.
- It is possible that the Group will collect money in return for goods and services to be transferred to the client.

At the beginning of the agreement, the Group evaluates the goods or services committed to the client in the agreement and defines each commitment to transfer goods or services as performance obligation. The Group evaluates performance obligations as follows:

- Different goods or service (goods or service packages) or
- A group of different goods or services which are similar in a great extent and transferred to the client with the same method.

A group of different goods or services are subject to the same transfer method if the below conditions are met:

- Each different product or service that the Group committed to transfer to the client must meet required conditions and constitute a performance obligation to be met in time and
- As per the relevant paragraph of the standard, using the same method to measure the progress of the Group in meeting its obligation to transfer each product or service included in the group to the client.

Group takes into account agreement provisions and commercial customs in order to determine transaction price. Transaction price is the price, which the Group expects to deserve in return for goods and services Group committed to provide to client, excluding amounts (eg. some sales taxes) collected on behalf of third parties. A committed price in an agreement with a client can include both the fixed amounts and variable amounts. If the price the Group commits in the agreement is variable, the Group determines the price it deserves in return for goods and services committed to client through estimation. For the Group to include some or all of variable price it estimates in transaction price, it should be very likely that there will not be an important cancellation in cumulative revenue in the financial statements when the uncertainty about variable price is eliminated. When assessing whether or not there will be an important cancellation in cumulative revenue in the financial statements when the uncertainty about variable price is eliminated, the Group must take into account both realisation possibility and impact of revenue cancellation.

The Group recognizes revenue from the following major sources:



## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in Thousands of Turkish Lira ("TRY") unless otherwise stated.)

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

##### 2.5 Summary of Significant Accounting Policies (cont'd)

###### Revenue (cont'd)

###### Sale of goods:

The Group evaluates the goods promised in each contract with the customers and determines each commitment given for transfer of goods as a separate performance obligation. Afterwards, it is determined that whether the performance obligations will be fulfilled over-time or at a point-in-time. If the Group transfers the control of a good over-time and thus fulfills the performance obligations related to those sales over time, it measures the progress of the fulfillment of the performance obligations in full and recognize revenue over-time in the consolidated financial statements. Revenue related to the performance obligations of goods transfer is recognized when the control of the goods is fully transferred to the customers.

###### Rental income:

Rental income from investment properties is recognized on an accrual basis over the term of the relevant lease.

###### Construction Contracts:

In contracts where third parties undertake the management, control and coordination of the construction activities are referred to as service contracts and they are only recognized as revenues when they are presented to third parties.

When the revenue of a construction contract can be estimated reliably, contract revenue associated with the construction contract shall be recognized by reference to the percentage of completion of the contract activity at the balance sheet date. Percentage of completion is measured by the proportion of the contract costs incurred for work performed to date divided by the estimated total contract costs. This calculation does not apply if the percentage of completion cannot be measured reliably.

Changes in construction contract, additional receivable claims and incentive payments are included in the project revenue in accordance with the probable consent of the employer if the revenue is measured reliably.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognized as expenses in the period in which they are incurred.

Construction contract costs consist of direct costs such as all raw materials and direct labor expenses and indirect labor costs related with contract performance, equipment, maintenance, and depreciation expenses. Selling and general administration expenses are recognized when they occur. Provision for cost of estimated loss of incomplete contracts is recognized immediately in the year, which such loss is forecasted. Changes in estimated profitability due to business efficiency, business conditions, provisions for contract penalties and final contract arrangements can cause revisions in costs incurred and revenues obtained at the end of the project. Impact of these revisions is accounted for in the year, in which such revision is made.

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

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

###### Retention Receivables from Contractors

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

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in Thousands of Turkish Lira ("TRY") unless otherwise stated.)

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

##### 2.5 Summary of Significant Accounting Policies (cont'd)

###### Retention Payables to Subcontractors (cont')

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

###### Inventories

Inventories are stated at the lower of cost and net realizable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories held by the method most appropriate to the particular class of inventory, with the majority being valued on a weighted average basis. Net realizable value represents the estimated selling price in the ordinary course of business less all estimated costs of completion and costs necessary to make a sale.

For construction projects, the materials have been produced especially for these projects are included in the project costs when they are delivered to contract sites.

###### Property, Plant and Equipment

Property plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment loss. Cost includes legal fees. In case of the qualifying assets which necessarily take a substantial period of time to get ready for its intended use or sale, borrowing costs are capitalized. When the construction of these assets is completed and they are ready for use, they are transferred to the relevant property, plant and equipment class. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is charged to write off the cost of property, plant and equipment, other than land and properties under construction, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation methods are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

###### Leases

###### As a lessee

At inception of a contract, the Group assesses whether a contract is, or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, The Group assess whether:

- a) The contract involved the use of an identified asset – this may be specified explicitly or implicitly,
- b) The asset should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, the asset is not identified,
- c) The Group has the right to obtain substantially all of the economic benefits from the use of an asset throughout the period of use; and
- d) The Group has the right to direct use of the asset. The Group concludes to have the right of use, when it is predetermined how and for what purpose the Group will use the asset. The Group has the right to direct use of asset if either:
  - i. The Group has the right to operate (or to have the right to direct others to operate) the asset over its useful life and the lessor does not have the rights to change the terms to operate or;
  - ii. The Group designed the asset (or the specific features) in a way that predetermines how and for what purpose it is used.

The Group recognizes a right of use and a rent obligation in the consolidated financial statements at the date of the lease.

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in Thousands of Turkish Lira (“TRY”) unless otherwise stated.)

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

##### 2.5 Summary of Significant Accounting Policies (cont’d)

###### Right-of-use asset

The right-of-use asset is initially recognized at cost comprising of:

- a) Amount of the initial measurement of the lease liability;
- b) Any lease payments made at or before the commencement date, less any lease incentives received;
- c) Any initial direct costs incurred by the Group.

To apply a cost model, the Group measure the right-of-use asset at cost:

- a) Less any accumulated depreciation and any accumulated impairment losses; and
- b) Adjusted for any remeasurement of the lease liability.

The Group applies the straight-line method to depreciate the right of use. If the lease transfers ownership of the underlying asset to the lessee by the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the Group depreciate the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciate the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group apply TAS 36 Impairment of Assets to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

###### Lease liability

At the commencement date, The Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee’s incremental borrowing rate.

At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- a) Fixed payments, less any lease incentives receivable,
- b) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date,
- c) The exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- d) Payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, the Group measures the lease liability by:

- a) Increasing the carrying amount to reflect interest on the lease liability,
- b) Reducing the carrying amount to reflect the lease payments made, and
- c) Remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised insubstance fixed lease payments.

Interest on the lease liability in each period during the lease term is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. The Group determines the periodic discount rate as the interest rate implicit in the lease for the remainder of the lease term, if that rate can be readily determined, or the lessee’s incremental borrowing rate at the date of reassessment, if the interest rate implicit in the lease cannot be readily determined. After the commencement date, the Group remeasures the lease liability to reflect changes to the lease payments. the Group recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

The Group shall remeasure the lease liability by discounting the revised lease payments using a revised discount rate, if either:

- a) There is a change in the lease term. The Group determines the revised lease payments on the basis of the revised lease term; or
- b) There is a change in the assessment of an option to purchase the underlying asset.

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in Thousands of Turkish Lira (“TRY”) unless otherwise stated.)

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

##### 2.5 Summary of Significant Accounting Policies (cont’d)

###### Lease liability (cont’d)

The Group determines the revised lease payments to reflect the change in amounts payable under the purchase option. The Group determine the revised discount rate as the interest rate implicit in the lease for the remainder of the lease term, if that rate can be readily determined, or the lessee’s incremental borrowing rate at the date of reassessment, if the interest rate implicit in the lease cannot be readily determined.

Leases with a lease term of 12 months or less and leases of low-value assets determined by the Group are evaluated in scope of the exemption of the standard and payments associated with those leases are recognised on a straight-line basis as an expense in profit or loss.

###### **Intangible Assets**

Intangible assets acquired separately are reported at cost less accumulated amortization and any accumulated impairment losses. Amortization is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

###### **Impairment of Assets**

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

###### **Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. When the Group borrows funds specifically for the purpose of the qualifying assets, the amount of borrowing costs eligible for capitalization is the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings. All other borrowing costs are recognized in the statement of profit or loss in the period in which they are incurred.

###### **Financial Instruments**

###### Financial Assets

At initial recognition, the Group measures a financial asset at its fair value, except for trade receivables that do not contain significant financing component. The Group measures trade receivables at their transaction price if the trade receivables do not contain a significant financing component in accordance with TFRS 15 (or when the entity applies the practical expedient) at initial recognition.

At initial recognition, the Group measures a financial asset at its fair value plus or minus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset. Financial assets are recorded on transaction date.

The Group reclassifies financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss on the basis of both: a) the Group’s business model for managing the financial assets and b) the contractual cash flow characteristics of the financial asset. When, and only when, the Group changes its business model for managing financial assets, it reclassifies all affected financial assets. The Group applies the reclassification prospectively from the reclassification date. The Group does not restate any previously recognized gains, losses (including impairment gains or losses) or interest.

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in Thousands of Turkish Lira ("TRY") unless otherwise stated.)

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

##### 2.5 Summary of Significant Accounting Policies (cont'd)

###### Financial Instruments (cont'd)

###### Financial assets (cont'd)

###### Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met:

- (a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest revenue of financial assets measured at amortized cost is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

- (a) purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
- (b) financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, the Group recalculates the gross carrying amount of the financial asset and recognizes a modification gain or loss in profit or loss.

The Group directly reduces the gross carrying amount of a financial asset and derecognizes it when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

###### Financial assets measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

- (a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A gain or loss on a financial asset measured at fair value through other comprehensive income is recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified. When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. If the financial asset is reclassified out of the fair value through other comprehensive income measurement category, the Group accounts for the cumulative gain or loss that was previously recognized in other comprehensive income in consolidated financial statements. Interest calculated using the effective interest method is recognized in profit or loss.

###### Financial assets measured at fair value through other comprehensive income (cont'd)

At initial recognition, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument that is not held for trading.

###### Financial assets measured at fair value through profit or loss

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income.

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in Thousands of Turkish Lira (“TRY”) unless otherwise stated.)

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

##### 2.5 Summary of Significant Accounting Policies (cont’d)

###### Financial Instruments (cont’d)

###### Financial assets (cont’d)

###### Impairment

The Group recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost or fair value through other comprehensive income.

The Group applies the impairment requirements for the recognition and measurement of a loss allowance for financial assets that are measured at fair value through other comprehensive income.

At each reporting date, the Group measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.

If, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses except for purchased or originated credit impaired financial assets. For purchased or originated credit-impaired financial assets, the Group only recognizes the cumulative changes in lifetime expected credit losses since initial recognition as a loss allowance at the reporting date.

The Group measures the loss allowance at an amount equal to lifetime expected credit losses for trade receivables, contract assets and lease receivables that do not contain a significant financing component, which is referred as simplified approach.

###### Financial Liabilities

At initial recognition, the Group measures a financial liability at its fair value plus or minus, in the case of a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the issue of the financial liability.

The Group classifies all financial liabilities as subsequently measured at amortized cost, except for:

(a) financial liabilities at fair value through profit or loss: Such liabilities, including derivatives that are liabilities, are subsequently measured at fair value.

(b) financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies. If a transfer does not result in derecognition because the Group has retained substantially all the risks and rewards of ownership of the transferred asset, the Group continues to recognize the transferred asset in its entirety and recognizes a financial liability for the consideration received. In subsequent periods, the Group recognizes any income on the transferred asset and any expense incurred on the financial liability.

(c) contingent consideration recognized by an acquirer in a business combination to which TFRS 3 applies. Such contingent consideration is subsequently be measured at fair value with changes recognized in profit or loss.

###### Recognition and Derecognition of Financial Assets and Liabilities

The Group recognizes a financial asset or a financial liability only when the Group becomes party to the contractual provisions of the instrument. The Group derecognizes a financial asset only when the contractual rights to the cash flows from the financial asset expire, or it transfers the financial asset, and the transfer qualifies for derecognition. If a transfer of financial asset does not result in derecognition because the Group has retained substantially all the risks and rewards of ownership of the transferred asset, the Group will continue to recognize the transferred asset in its entirety and recognize a financial liability for the consideration received.

If the Group retains all the risks and gains arising from the ownership of a transferred asset, the accounting of the financial asset is continued, and for the income obtained, a guarantee amount payable against the transferred financial asset is also recognized. The Group derecognizes a financial liability from its consolidated balance sheet only when it is extinguished—i.e., when the obligation specified in the contract is discharged or cancelled or expires.

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in Thousands of Turkish Lira (“TRY”) unless otherwise stated.)

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

##### 2.5 Summary of Significant Accounting Policies (cont’d)

###### Financial Instruments (cont’d)

###### Derivative Financial Instruments and Hedge Accounting

The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

If the cash flow hedge of a firm commitment or an expected forward transaction result in the recognition of an asset or liability, at the initial recognition of this asset or liability the gain or loss previously recognized under equity related to derivatives are included in the measurement of the initial amount of the asset or liability. In a hedge accounting that does not result in the recognition of an asset or liability, the amounts previously recognized under equity are transferred to statement of profit or loss in the period in which the hedged item influences profit or loss. The changes in the fair value of derivatives that do not meet the criteria for hedge accounting are recognized in the statement of profit or loss.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognized in other comprehensive income and accumulated in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

The Group uses derivative financial instruments to mitigate denominated in foreign currency and interest rate risk. Derivative instruments are initially recognised at fair value. After initial recognition, changes in the fair value of derivative instruments are recognized in profit or loss.

###### **Foreign Currency Transactions**

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in TRY, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in foreign currencies are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated to functional currency at the rates prevailing on the balance sheet date.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated to functional currency at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognized in profit or loss in the period in which they arise except for which relate to assets under construction for future productive use, which are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings.

Presenting consolidated financial statements, the assets and liabilities of the Group’s foreign operations are expressed in TRY using exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Arising translation differences are recognized in other comprehensive income and transferred to accumulated other comprehensive income (loss) that will be reclassified in profit or loss under equity. Such translation differences are recognized in profit or loss in the period in which the foreign operation is disposed of.

###### **Earnings Per Share**

Earnings per share disclosed in the accompanying consolidated statement of income is determined by dividing net income by the weighted average number of shares in existence during the year concerned.

In Turkey, companies can raise their share capital by distributing “bonus shares” to shareholders from retained earnings. In computing earnings per share, such “bonus share” distributions are assessed as issued shares. Accordingly, the retrospective effect for those share distributions is taken into consideration in determining the weighted-average number of shares outstanding used in this computation.

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in Thousands of Turkish Lira (“TRY”) unless otherwise stated.)

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

##### 2.5 Summary of Significant Accounting Policies (cont’d)

###### **Events After the Reporting Period**

Events after the reporting period comprise of events which occur between the reporting date and the date on which the financial statements are authorized for issue, even if they occur after an announcement related with the profit for the year or after public disclosure of any other selected financial information.

The Group adjusts the amounts recognized in its financial statements if adjusting events occur after the balance sheet date.

###### **Provisions, Contingent Assets and Liabilities**

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

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, considering the risks and uncertainties surrounding the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

###### Onerous contracts

Present obligations arising under onerous contracts are recognized and measured as a provision.

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.

###### Warranties

Provisions of warranty costs are recognized at the date of sale of the relevant products, at management’s best estimate of the expenditure required to settle the Group’s obligation.

###### **Reporting of Financial Information According to Segments**

The Group has five operating segments which are Engineering and Contracting, Chemical Industry, Agricultural Production, Service, and Investment including information in order to monitor performance and to allocate resources. These segments are managed separately because of the risk and benefits attributable to these segments are influenced from different economical environments and different geographical locations.

###### **Government Grants and Incentives**

Government incentives are not recognized in the financial statements unless there is a reasonable assurance that Group will comply with the conditions attaching to them and the incentives will be received.

Government incentives are accounted systematically in profit or loss where they are matched with the relevant costs recorded as expenses during the period. Government incentives as a financial instrument should be associated with the balance sheet as unearned revenue to offset the related expense item instead of being recognized in profit or loss and must be accounted systematically in profit or loss depending on useful lives of the related assets.

Government incentives that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable.

###### **Investment Property**

Investment property, which is property, held to earn rentals and/or for capital appreciation is carried at cost less accumulated depreciation and any accumulated impairment losses. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property. Depreciation is provided on investment property on a straight-line basis.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from disposal. Any gain or loss arising on derecognition of the property is included in profit or loss in the period in which the property is derecognized.



## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in Thousands of Turkish Lira (“TRY”) unless otherwise stated.)

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

##### 2.5 Summary of Significant Accounting Policies (cont’d)

###### Corporate Income Tax

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

Tax expense represents the sum of the period tax expense and deferred tax income / (expense).

###### Controlled foreign corporation income:

Turkish CFC regime was introduced in 2006 by Turkish Corporate Income Tax Act. Due to CFC regulations, Turkish Corporate income taxpayer which manages their investments via foreign subsidiaries will need to declare and pay corporate income tax in Turkey under certain conditions regardless of whether or not the income generated through foreign subsidiaries is transferred to Turkey. In other words, to gain the profit is forced to be free from the distribution of the generated profit. Corporations which are established in foreign companies directly or indirectly controlled by a Turkish individual or corporation which holds (separately or together) at least 50% of their capital, dividend or voting rights which will be deemed as CFC. The other conditions of CFC are 25% or more of the income of the foreign subsidiary should be passive income (such as rent, dividend, interest), the foreign subsidiary should be subject to less than 10% effective tax burden over its corporate income and the gross revenue of foreign company should exceed the foreign currency equivalent of TRY 100.000.

If the CFC earnings, which are declared in Turkey and related taxes are paid, will be brought up to scene as dividend in the forthcoming periods; they will not be included into taxable income to prevent double taxation.

###### Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group’s liability for current tax is calculated using tax rates that have been enacted for each entity included in the consolidation by the balance sheet date.

###### Deferred tax

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases which is used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group can control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the way the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognized in profit or loss except when they are directly related to a transaction which is accounted under equity. Otherwise, they are recognized in equity, along with the related transaction.

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in Thousands of Turkish Lira (“TRY”) unless otherwise stated.)

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

##### 2.5 Summary of Significant Accounting Policies (cont’d)

###### Corporate Income Tax (cont’d)

###### Assets Held for Sale

Non-current assets are classified as “assets held for sale” and stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use. These assets may be a component of an entity, a disposal group or an individual non-current asset.

###### Employee Benefits

###### Termination and retirement benefits:

Under Turkish law and union agreements, lump sum payments are made to employees retiring, involuntarily leaving the Group or when the conditions presented in law are met. Such payments are considered as being part of defined retirement benefit plan according to the revised TAS 19 *Employee Benefits* (“TAS 19”).

The retirement benefit obligation recognized in the consolidated financial statements represents the net present value of the defined benefit obligation. The calculated actuarial gains and losses are all recognized in other comprehensive income.

The Company and its subsidiaries are liable to pay retirement benefit for its qualified personnel. In addition to this, according to Group's retirement benefit policy, the Group pays retirement benefits to its retirees. The Group and its consolidated subsidiaries, regarding the retirement benefits of its personnel employed abroad, is subject to laws and regulations of the countries its personnel is located within. Regarding the laws mentioned, required provision has been provided for in the consolidated financial statements.

###### Redeemed Shares

As determined in the articles of association of Tekfen Holding A.Ş., 30 of the registered redeemed shares belong to Tekfen Eğitim Sağlık Kültür Sanat ve Doğal Varlıkları Koruma Vakfı (“Tekfen Vakfı”). The constitutive redeemed shares grant no voting rights or any membership rights to their owners.

According to the articles of association of the Company, 5% of the net profit is reserved as first order legal reserves up to 20% of the paid-up capital. At least 30% but not less than the rate and amount determined by the CMB of the amount that to be found by the addition of donations made within the year to the remaining part of the net profit is distributed as first dividend. Up to 3% of the remaining net profit is devoted to Tekfen Eğitim Sağlık Kültür Sanat ve Doğal Varlıkları Koruma Vakfı which holds redeemed shares.

According to TAS 32, if, as a result of contingent settlement provisions, the issuer does not have an unconditional right to avoid settlement by delivery of cash or other financial instrument, the instrument is a financial liability of the issuer.

Redeemed shares owned by Tekfen Vakfı are considered as negotiable instruments and realized as a financial liability assuming that they will continue to take advantage of the right at upper limit as long as the Group’s existing shareholders structure and management remains the same. In assessment of fair values of related constitutive redeemed shares, the Group’s market value as of balance sheet date is taken into consideration. Calculated fair value depends on different conditions which may occur in foreseeable future and is therefore discounted and realized as liability in the consolidated financial statements.

###### Business Combinations

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

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

- Deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with TAS 12 Income Taxes and TAS 19 Employee Benefits respectively,

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in Thousands of Turkish Lira (“TRY”) unless otherwise stated.)

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

##### 2.5 Summary of Significant Accounting Policies (cont’d)

###### Business Combinations (cont’d)

- Liabilities or equity instruments related to share-based payment arrangements of the acquiree, or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with TFRS 2 Share-based Payment at the acquisition date,
- Assets (or disposal groups) that are classified as held for sale in accordance with TFRS 5 are measured in accordance with that Standard.

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

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another TFRS.

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

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

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

###### Goodwill

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

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

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

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

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in Thousands of Turkish Lira (“TRY”) unless otherwise stated.)

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

##### 2.5 Summary of Significant Accounting Policies (cont’d)

###### Related Parties

Related parties are the person or business associated with the entity that prepared its financial statements (reporting entity).

a) A person, or a member of that person's immediate family, is deemed to be associated with the reporting entity if,

- (i) Has control or joint control over the reporting entity,
- (ii) Has a significant influence on the reporting entity,
- (iii) If the reporting enterprise or a parent company of the reporting enterprise is a member of the key management personnel.

b) If any of the following conditions exist, the entity is deemed to be related to the reporting entity:

- (i) If the entity and the reporting entity are members of the same group (each parent company, subsidiary and other subsidiary is associated with the others).
- (ii) If the business is a subsidiary or business partnership of the other business (or a member of a group to which the other business is a member).
- (iii) If both businesses are joint ventures of the same third party.
- (iv) If one of the enterprises is a business partnership of a third enterprise and the other enterprise is a subsidiary of the the third enterprise.
- (v) In the event that there are benefit plans for the employees of the company, the reporting enterprise or an enterprise associated with the reporting enterprise after they leave their employment. If the reporting enterprise itself has such a plan, the sponsoring employers are also associated with the reporting enterprise.
- (vi) If the business is controlled or jointly controlled by a person identified in (a).
- (vii) If a person defined in subparagraph (i) of article (a) has a significant influence on the enterprise or is a member of the key management personnel of the enterprise (or the parent company of this enterprise).

A related party transaction is the transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

##### 2.6 Critical Accounting Judgments, Key Sources of Estimation Uncertainty and Assumptions

In the process of applying accounting policies, which are described in Note 2.5, management has made the following judgments that have the most significant effect on the amounts recognized in the consolidated financial statements:

###### Deferred taxes

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for TFRS purposes and its statutory tax financial statements. These differences usually arise from the fact that certain income and expense items are recognized in different reporting periods for TFRS and tax purposes. In the subsidiaries of the Group, there are deferred tax assets resulting from tax loss carryforwards and deductible temporary differences, all of which could reduce taxable income in the future. Based on available evidence, both positive and negative, it is determined whether it is probable that all or a portion of the deferred tax assets will be realized. The main factors which are considered include future earnings potential; cumulative losses in recent years; history of loss carryforwards and other tax assets expiring; the carry-forward period associated with the deferred tax assets; future reversals of existing taxable temporary differences; tax-planning strategies that would, if necessary, be implemented, and the nature of the income that can be used to realize the deferred tax asset. As a result of the assessment made, the Group recognizes deferred tax assets in certain entities because it is probable that taxable profit will be available sufficient to recognize deferred tax assets in those entities.

###### Income tax

The Group operates in various tax jurisdictions and is subject to applicable tax legislation and tax laws in these countries. The Group requires the use of significant estimates of determining provision of income tax. The Group estimates the usage of financial losses carried forward and the tax provision arising from tax liabilities. When the final tax results are determined, realized amounts may be different than the estimated amounts and as of the balance sheet date an adjustment may be made on the recognized income tax provision.

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in Thousands of Turkish Lira (“TRY”) unless otherwise stated.)

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

##### 2.6 Critical Accounting Judgments, Key Sources of Estimation Uncertainty and Assumptions (cont’d)

###### Change in contract fee

Changes in contract fees are recognized in the consolidated financial statements to the extent that those changes are likely to be approved by the customers, based on the percentage of completion method of the construction projects. Estimates on the collection of those changes are made based on the Group management’s past experiences, the related contract terms, and the related legislation.

###### Percentage of completion

The Group uses the percentage of completion method in accounting for its construction contracts. Use of the percentage of completion method requires the Group to estimate the proportion of work performed to date as a proportion of the total work to be performed.

###### Construction costing estimates

The Group calculates the remaining costs to complete on construction projects through its internally developed projections. Factors such as escalations in material prices, labour costs and other costs are included in these projections based on best estimate as of the balance sheet dates. Any unanticipated escalation in the subsequent periods will require the reassessment of the remaining costs.

###### Non-current retention receivables

Non-current retention receivable and payable are stated at their fair value each period end by discounting the Group’s effective deposit and borrowing rates respectively, which management considers to be the appropriate discount rates for these assets and liabilities.

###### Fair value of derivatives and other financial instruments

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques based on market-observable data, market comparable approach that reflects recent transaction prices for similar properties and discounted cash flows.

#### 3. JOINT OPERATIONS

Group’s significant partnerships subject to joint operations are described in Note 2.

Financial information related to these joint operations is as follows:

	31 December 2021	31 December 2020
Current assets	19.102	88.502
Non-current assets	7.996	9.094
Current liabilities	1.776.170	971.394
Non-current liabilities	2.264	1.136
Shareholders' equity	(1.751.336)	(874.934)
	1 January- 31 December 2021	1 January- 31 December 2020
Revenue	249.619	302.234
Cost of revenue (-)	(392.767)	(596.768)
Loss for the period	(139.002)	(321.084)

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in Thousands of Turkish Lira (“TRY”) unless otherwise stated.)

#### 4. SEGMENTAL REPORTING

##### a) Segmental results

	1 January - 31 December 2021					
	Engineering & Contracting	Chemical Industry	Agricultural Production	Service	Investment	Total
Revenue	8.197.426	7.199.933	183.764	562.395	79.450	16.222.968
Cost of revenue (-)	(9.247.712)	(5.098.910)	(198.707)	(379.402)	(18.172)	(14.942.903)
<b>GROSS PROFIT (LOSS)</b>	<b>(1.050.286)</b>	<b>2.101.023</b>	<b>(14.943)</b>	<b>182.993</b>	<b>61.278</b>	<b>1.280.065</b>
General administrative expenses (-)	(377.612)	(83.912)	(17.466)	(20.615)	(195.769)	(695.374)
Marketing expenses (-)	(12.488)	(287.829)	(30.786)	(9.283)	-	(340.386)
Research and development expenses (-)	(13.178)	(8.276)	(6.779)	-	-	(28.233)
Other operating income	301.388	611.654	21.598	51.024	11.612	997.276
Other operating expenses (-)	(403.378)	(1.316.304)	(10.898)	(33.242)	(8.555)	(1.772.377)
Share on profit (loss) of investments valued by equity method	79.973	-	840	-	(5)	80.808
<b>OPERATING PROFIT (LOSS)</b>	<b>(1.475.581)</b>	<b>1.016.356</b>	<b>(58.434)</b>	<b>170.877</b>	<b>(131.439)</b>	<b>(478.221)</b>
Investment income	40.986	1.073	85	342	433.021	475.507
Investment expense (-)	(3.782)	(22.010)	(6.526)	-	(54.221)	(86.539)
<b>PROFIT (LOSS) BEFORE FINANCIAL INCOME (EXPENSES)</b>	<b>(1.438.377)</b>	<b>995.419</b>	<b>(64.875)</b>	<b>171.219</b>	<b>247.361</b>	<b>(89.253)</b>
Financial income	234.792	796.865	9.855	22.506	1.854.283	2.918.301
Financial expenses (-)	(274.752)	(310.928)	(65.169)	(9.507)	(1.039.648)	(1.700.004)
<b>PROFIT (LOSS) FROM CONTINUING OPERATIONS BEFORE TAXATION</b>	<b>(1.478.337)</b>	<b>1.481.356</b>	<b>(120.189)</b>	<b>184.218</b>	<b>1.061.996</b>	<b>1.129.044</b>
Tax (expense) income from continuing operations	(200.742)	184.094	6.716	(51.345)	(238.377)	(299.654)
<b>PROFIT (LOSS) FROM CONTINUING OPERATIONS FOR THE PERIOD</b>	<b>(1.679.079)</b>	<b>1.665.450</b>	<b>(113.473)</b>	<b>132.873</b>	<b>823.619</b>	<b>829.390</b>

For the year ended 31 December 2021, revenue amounting revenues amounting 2.394.063 and 1.646.746 were obtained from two non-related client of Engineering and Contracting segment which constitute % 14,8 and 10,2% of the Group’s revenue respectively.

Translated into English from the report originally issued in Turkish.

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in Thousands of Turkish Lira (“TRY”) unless otherwise stated.)

#### 4. SEGMENTAL REPORTING (cont’d)

##### a) Segmental results (cont’d)

	1 January - 31 December 2020					
	Engineering & Contracting	Chemical Industry	Agricultural Production	Service	Investment	Total
Revenue	7.107.507	3.887.807	200.589	486.244	47.632	11.729.779
Cost of revenue (-)	(7.424.684)	(2.899.038)	(174.153)	(300.272)	(17.635)	(10.815.782)
<b>GROSS PROFIT</b>	<b>(317.177)</b>	<b>988.769</b>	<b>26.436</b>	<b>185.972</b>	<b>29.997</b>	<b>913.997</b>
General administrative expenses (-)	(269.641)	(61.154)	(12.593)	(16.229)	(122.383)	(482.000)
Marketing expenses (-)	(10.243)	(262.502)	(45.937)	(7.472)	-	(326.154)
Research and development expenses (-)	(4.476)	(5.960)	(12.080)	-	-	(22.516)
Other operating income	397.982	318.018	15.882	22.135	6.687	760.704
Other operating expenses (-)	(367.742)	(498.808)	(10.496)	(14.943)	(11.437)	(903.426)
Share on profit (loss) of investments valued by equity method	59.323	(104)	1.188	-	-	60.407
<b>OPERATING PROFIT (LOSS)</b>	<b>(511.974)</b>	<b>478.259</b>	<b>(37.600)</b>	<b>169.463</b>	<b>(97.136)</b>	<b>1.012</b>
Investment income	32.184	2.325	401	101	27.487	62.498
Investment expense (-)	(31.884)	(3)	(12)	-	(26.834)	(58.733)
<b>PROFIT (LOSS) BEFORE FINANCIAL INCOME (EXPENSES)</b>	<b>(511.674)</b>	<b>480.581</b>	<b>(37.211)</b>	<b>169.564</b>	<b>(96.483)</b>	<b>4.777</b>
Financial income	28.226	265.486	14.759	8.248	507.567	824.286
Financial expenses (-)	(28.379)	(237.122)	(40.889)	(11.109)	(282.090)	(599.589)
<b>PROFIT (LOSS) FROM CONTINUING OPERATIONS BEFORE TAXATION</b>	<b>(511.827)</b>	<b>508.945</b>	<b>(63.341)</b>	<b>166.703</b>	<b>128.994</b>	<b>229.474</b>
Tax expense from continuing operations (-)	(154.825)	(58.375)	(2.821)	(34.982)	(45.869)	(296.872)
<b>PROFIT (LOSS) FROM CONTINUING OPERATIONS FOR THE PERIOD</b>	<b>(666.652)</b>	<b>450.570</b>	<b>(66.162)</b>	<b>131.721</b>	<b>83.125</b>	<b>(67.398)</b>

For the year ended 31 December 2020, revenue amounting 2.398.677 and 2.137.834 were obtained from non-related two client of Engineering and Contracting segment which constitute 20,4% and 18,2% of the Group’s revenue respectively.

Translated into English from the report originally issued in Turkish.

# TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in Thousands of Turkish Lira (“TRY”) unless otherwise stated.)

### 4. SEGMENTAL REPORTING (cont’d)

#### b) Segmental assets and liabilities

Balance sheet	31 December 2021					
	Engineering & Contracting	Chemical Industry	Agricultural Production	Service	Investment	Total
Total assets	9.253.027	7.381.836	380.058	600.514	4.298.138	21.913.573
Current and non-current liabilities	9.281.903	3.924.136	331.776	159.625	490.673	14.188.113
Equity attributable to owners of the parents	(1.246.800)	4.178.736	(183.291)	451.791	4.395.201	7.595.637
Non-controlling interests	18.478	(821)	-	72	112.094	129.823

Balance sheet	31 December 2020					
	Engineering & Contracting	Chemical Industry	Agricultural Production	Service	Investment	Total
Total assets	6.553.439	3.588.933	383.638	564.705	2.826.318	13.917.033
Current and non-current liabilities	5.416.834	2.091.753	225.324	126.511	245.711	8.106.133
Equity attributable to owners of the parents	965.361	2.323.094	(68.220)	306.656	2.203.248	5.730.139
Non-controlling interests	5.693	22.288	-	47	52.733	80.761

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

	1 January - 31 December 2021					
	Engineering & Contracting	Chemical Industry	Agricultural Production	Service	Investment	Total
Capital expenditures	170.281	180.399	18.210	185.291	1.934	556.115
Depreciation and amortization expense for the period (*)	301.052	81.159	21.414	15.494	12.111	431.230
Intra-segment revenue	258.751	93.718	2.250	255	11.121	366.095
Inter-segment revenue	396	1.896	-	18.275	18.723	39.290

	1 January - 31 December 2020					
	Engineering & Contracting	Chemical Industry	Agricultural Production	Service	Investment	Total
Capital expenditures	243.997	240.532	42.779	30.934	9.484	567.726
Depreciation and amortization expense for the period (*)	198.290	76.719	14.885	13.557	11.567	315.018
Intra-segment revenue	409.825	67.724	3.042	205	12.294	493.090
Inter-segment revenue	1.068	1.100	-	12.455	18.861	33.484

(\*) Depreciation expense of 4.209 is added to the cost of inventory (2020: 5.847 deducted from the cost of inventory).

Translated into English from the report originally issued in Turkish.



# TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in Thousands of Turkish Lira (“TRY”) unless otherwise stated.)

### 4. SEGMENTAL REPORTING (cont’d)

#### d) Geographical segmental information

	Turkey	CIS	Middle Eastern Countries	Other	Eliminations	Total
Revenue (1 January - 31 December 2021)	9.128.868	3.838.719	3.215.327	445.439	(405.385)	16.222.968
Total assets (31 December 2021)	25.570.999	8.859.817	5.641.229	3.635.527	(21.793.999)	21.913.573
Capital expenditures (1 January - 31 December 2021)	408.078	144.924	2.741	372	-	556.115

  

	Turkey	CIS	Middle Eastern Countries	Other	Eliminations	Total
Revenue (1 January - 31 December 2020)	5.703.279	1.501.043	4.861.123	190.908	(526.574)	11.729.779
Total assets (31 December 2020)	15.430.503	5.252.886	3.999.280	1.867.741	(12.633.377)	13.917.033
Capital expenditures (1 January - 31 December 2020)	427.672	93.666	45.973	415	-	567.726

Translated into English from the report originally issued in Turkish.

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in Thousands of Turkish Lira (“TRY”) unless otherwise stated.)

#### 5. CASH AND CASH EQUIVALENTS

	31 December 2021	31 December 2020
Cash on hand	3.488	2.797
Cash at banks		
Demand deposits	445.437	666.406
Time deposits with maturity of three months or less	4.104.613	2.413.297
Other cash equivalents	510.570	176.616
	<u>5.064.108</u>	<u>3.259.116</u>

Explanations about the nature and level of risks related to cash and cash equivalents are provided in Note 36.

#### 6. FINANCIAL INVESTMENTS

	31 December 2021	31 December 2020
<u>Short-term financial investments</u>		
Financial assets at amortised cost - eurobonds	51.845	-
Time deposits with maturity of longer than three months	-	82.118
	<u>51.845</u>	<u>82.118</u>
<u>Long-term financial investments</u>		
Fair value through other comprehensive income financial investments	1.074.099	1.165.172
Fair value through profit or loss financial investments	792.186	249.748
	<u>1.866.285</u>	<u>1.414.920</u>
Financial investments total	<u>1.918.130</u>	<u>1.497.038</u>

Short-term financial investments are consisted of Eurobonds with a nominal value of 4.000.000 USD with coupon rates varying between 5.5% and 6% (31 December 2020: Short-term financial investments consist of time deposits with maturity of longer than three months with an average annual interest rate of 3,1% amounting to 82.118 and (11.187 Thousand USD)).

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in Thousands of Turkish Lira ("TRY") unless otherwise stated.)

#### 6. FINANCIAL INVESTMENTS (cont'd)

Long-term financial investments are as follows:

Details	Share %	31 December 2021	Share %	31 December 2020
Fair value through other comprehensive income financial investments				
<u>Traded</u>				
Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş.	10,47	168.847	10,47	252.803
Türkiye Sınai Kalkınma Bankası A.Ş.	<1	1.892	<1	2.339
Akçansa Çimento Sanayi ve Ticareti A.Ş.	<1	100	<1	92
Turcas Petrol A.Ş.	<1	18	<1	22
		<u>170.857</u>		<u>255.256</u>
<u>Non-traded</u>				
Toren Doğalgaz Depolama ve Madencilik A.Ş. <sup>(1)</sup>	2,50	-	2,50	36.968
Gaz Depo ve Madencilik A.Ş. <sup>(1)</sup>	2,50	-	2,50	17.268
SOCAR Polymer Investments LLC	10,00	753.993	10,00	764.133
Cording Dortmund Hiltropwall SCSp	12,58	59.041	12,58	33.765
Berlin Light JV S.a.r.l	11,44	88.623	11,44	56.197
Mersin Serbest Bölge İşleticisi A.Ş.	9,56	898	9,56	898
Akmerkez Lokantacılık Gıda San. ve Tic. A.Ş. <sup>(2)</sup>	30,50	441	30,50	441
Üçgen Bakım ve Yönetim Hizmetleri A.Ş. <sup>(2)</sup>	27,45	109	27,45	109
Antalya Serbest Bölge Kurucu ve İşleticisi A.Ş.	10,00	124	10,00	124
Other		13		13
		<u>903.242</u>		<u>909.916</u>
Fair value through profit or loss financial investments		792.186		249.748
<u>Long-term financial investments total</u>		<u>1.866.285</u>		<u>1.414.920</u>

<sup>(1)</sup> Related assets are considered as financial assets that are not equity instruments. As of the balance sheet date, since the addressees of the Group have not fulfilled their share repurchase debts in accordance with the terms of the contract, a written warning was sent first, and then a lawsuit was filed demanding the fulfillment of the share repurchase debt of the addressees due to the failure to reach an agreement in the mediation process. Parallel to this, a provision for impairment has been set aside for all of the book values of the assets. 44.948 of impairment of the related assets in the current year has been recognized under the consolidated statement of profit or loss where 9.288 has been recognized under the consolidated statement of other comprehensive income (2020: 22.909 recognized under the consolidated statement of profit or loss).

<sup>(2)</sup> As of 31 December 2021, and 2020, entities classified as financial investment are not included in the consolidation since their total assets do not have a significant effect at the accompanying consolidated financial statements.

As of reporting date, the positive change of 279.247 and negative change of 9.219 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 consolidated statement of profit or loss (31 December 2020: 20.303 positive, 3.502 negative). Positive change includes gain amounting to 120.183 from a financial investment at fair value through profit or loss sold in the current year. Since one of the fair value through profit or loss financial investments has started to be traded in the local stock exchange in the current period, it has been transferred to Level 1 fair value hierarchy, which was Level 3 in the previous period. Additionally, shares of one of the fair values through profit or loss financial investments has sold within the period. (Note 37)

Explanations about the nature and level of risks related to financial investments are provided in Note 36.

Explanations about the fair value changes of financial investments are provided in Note 37.

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in Thousands of Turkish Lira (“TRY”) unless otherwise stated.)

#### 7. SHORT AND LONG-TERM BORROWINGS

	31 December 2021	31 December 2020
Short-term bank loans	3.088.485	1.875.394
Short-term portion of long-term bank loans and interest payments	52.065	178.450
Short-term portion of long-term lease payables	36.217	31.817
<b>Total short-term borrowings</b>	<b>3.176.767</b>	<b>2.085.661</b>
Long-term bank loans	294.782	240.655
Long-term lease payables	30.004	31.958
<b>Total long-term borrowings</b>	<b>324.786</b>	<b>272.613</b>
<b>Total borrowings</b>	<b>3.501.553</b>	<b>2.358.274</b>

The details of bank loans are as follows:

Original currency	Weighted average interest rate %		31 December 2021		
	Short-term	Long-term	Short-term	Long-term	Total
US Dollars	3,12	-	1.871.070	-	1.871.070
EUR	1,49	2,65	320.019	264.281	584.300
TRY	18,11	11,21	853.104	30.501	883.605
QAR	4,50	-	96.357	-	96.357
			<b>3.140.550</b>	<b>294.782</b>	<b>3.435.332</b>

Original currency	Weighted average interest rate %		31 December 2020		
	Short-term	Long-term	Short-term	Long-term	Total
US Dollars	3,51	-	943.519	-	943.519
EUR	1,10	2,65	291.420	180.155	471.575
TRY	10,87	11,25	787.896	60.500	848.396
QAR	4,50	-	31.009	-	31.009
			<b>2.053.844</b>	<b>240.655</b>	<b>2.294.499</b>

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in Thousands of Turkish Lira (“TRY”) unless otherwise stated.)

#### 7. SHORT AND LONG-TERM BORROWINGS (cont’d)

Repayment schedule of bank loans is as follows:

	31 December 2021	31 December 2020
To be paid within 1 year	3.140.550	2.053.844
To be paid within 1-2 year	76.230	48.012
To be paid within 2-3 year	71.729	53.532
To be paid within 3-4 year	58.729	49.032
To be paid within 4-5 year	58.729	36.032
Within 5 or more years	29.365	54.047
	<u>3.435.332</u>	<u>2.294.499</u>

The movement of the Group’s borrowings is as follows:

	2021	2020
Opening balance as at 1 January	2.358.274	835.946
Currency translation effect	1.086.244	192.404
Loans used during the period	2.551.172	2.292.683
Additions from lease obligations during the period	19.388	39.365
Paid during the period	(2.523.242)	(1.008.372)
Interest effect	7.977	8.309
Foreign exchange effect	1.740	(2.061)
Closing balance as at 31 December	<u>3.501.553</u>	<u>2.358.274</u>

Group’s bank loans in the amounts of 144.178 thousand USD (1.871.070), 19.649 thousand EUR (288.493), 27.101 thousand QAR (96.357) and 852.263 are subject to fixed interest rates (31 December 2020: 128.536 thousand USD (943.519), 52.352 thousand EUR (471.575), 15.419 thousand QAR (31.009) and 604.594). Bank loans in the amounts of 20.147 Bin EUR (295.807) and 31.342 are borrowed at floating interest rates thus exposing the Group’s cash flow to interest rate risk (31 December 2020: 243.802).

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in Thousands of Turkish Lira ("TRY") unless otherwise stated.)

#### 8. TRADE RECEIVABLES AND PAYABLES

##### a) Trade Receivables:

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

	31 December 2021	31 December 2020
<b>Short-term trade receivables</b>		
Receivables from Contracting & Engineering segment operations	1.602.398	1.272.636
Receivables from Chemical Industry segment operations	445.425	339.522
Receivables from Agricultural Production segment operations	45.141	21.820
Receivables from Service segment operations	15.637	8.958
Receivables from Investment segment operations	3.649	3.282
Provision for doubtful receivables	(157.370)	(101.291)
Retention receivables (Note: 11)	783.259	367.890
Due from related parties (Note: 34)	50.462	106.715
Other	25.619	19.319
	<u>2.814.220</u>	<u>2.038.851</u>
<b>Long-term trade receivables</b>		
Retention receivables (Note: 11)	184.737	290.195
Receivables from Contracting & Engineering segment operations	-	3.212
	<u>184.737</u>	<u>293.407</u>

Postdated cheques amounting to 299.645 (31 December 2020: 147.221), notes receivables amounting to 25.769 (31 December 2019: 20.003), positive foreign currency differences amounting to 28.703(31 December 2020: Positive foreign currency differences amounting to 5.104) 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 2020: None).

Average maturity date for trade receivables varies between the segments. Average maturity date for Engineering and Contracting segment, for projects in abroad is 89 days (31 December 2020: 100 days), for domestic projects is 75 days (31 December 2020: 159 days), for Chemical Industry segment is 36 days (31 December 2020: 41 days), for Agricultural Production segment is 88 days (31 December 2020: 63 days), for Service segment is 17 days (31 December 2020: 32 days), and for Investment segment is 30 days (31 December 2020: 30 days).

As of 31 December 2021, receivables amounting 782.908 was obtained from a non-related client which constitute 26,8% of the Group's receivables (31 December 2020: 490.286, 22%).

As of 31 December 2021, 157.370 of provision for doubtful receivables was determined based on past uncollectible receivable cases encountered and future expectations (31 December 2020: 101.219).

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

	2021	2020
Provision as at 1 January	(101.291)	(80.609)
Charge for the year	(7.322)	(9.793)
Collected	986	894
Write off of bad debt	-	5.288
Currency translation effect	(49.743)	(17.071)
Provision as at 31 December	<u>(157.370)</u>	<u>(101.291)</u>

6.169 and 1.153 of doubtful receivable expense has been charged to cost of revenue and general administrative expenses respectively (2020: 9.110 and 683 of doubtful receivable expense has been charged to cost of revenue and general administrative expenses respectively).

Explanations about the nature and level of risks related to trade receivables are provided in Note 36.

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in Thousands of Turkish Lira ("TRY") unless otherwise stated.)

#### 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 December 2021	31 December 2020
<u>Short-term trade payables</u>		
Payables from Contracting & Engineering segment operations	2.878.960	1.650.578
Payables from Chemical Industry segment operations	2.881.685	985.773
Payables from Agricultural Production segment operations	7.810	15.777
Payables from Service segment operations	59.380	45.768
Payables from Investment segment operations	8.900	5.972
Due to related parties (Note: 34)	10.174	12.835
Retention payables (Note: 11)	938.814	670.228
Other trade payables	46.875	31.156
	<u>6.832.598</u>	<u>3.418.087</u>
<u>Long-term trade payables</u>		
Retention payables (Note: 11)	207.079	64.246
Payables from Contracting & Engineering segment operations	10.996	2.982
	<u>218.075</u>	<u>67.228</u>

Foreign currency differences amounting to 847.574 (31 December 2020: 265.059) are included in short and long-term trade payables. There are not any notes payable and postdated cheques in the current year (31 December 2020: None).

For Chemical Industry segment, payables attributable to inventory supplied through imports constitute 98% (31 December 2020: 93%) of trade payables as at balance sheet date and average payable period for these import purchases is 149 days (31 December 2020: 115 days) whereas average payable period for domestic purchases is 13 days (31 December 2020: 28 days). For Engineering and Contracting segment, average payable period for purchases is 157 days (31 December 2020: 141 days). The average payable period for Agricultural Production segment is 29 days (31 December 2020: 27 days), for Service segment is 51 days (31 December 2020: 44 days), and for Investment segment is 58 days (31 December 2020: 41 days).

Explanations about the nature and level of risks related to trade payables are provided in Note 36.

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in Thousands of Turkish Lira ("TRY") unless otherwise stated.)

#### 9. OTHER RECEIVABLES AND PAYABLES

##### a) Other Receivables:

	31 December 2021	31 December 2020
<b>Other short-term receivables</b>		
Deposits and guarantees given	28.448	29.232
Receivables related to business combinations	39.284	24.477
Receivables related to sale of financial investment	11.602	-
VAT receivables	11.460	23.703
Related party receivables (Note: 34)	-	1.925
Other doubtful receivables	571	571
Other doubtful receivable provision (-)	(571)	(571)
Other receivables	10.865	2.305
	<u>101.659</u>	<u>81.642</u>
<b>Other long-term receivables</b>		
Deposits and guarantees given	14.025	12.983
	<u>14.025</u>	<u>12.983</u>

##### b) Other Payables:

	31 December 2021	31 December 2020
<b>Other short-term payables</b>		
Taxes and funds payable <sup>(1)</sup>	84.400	38.488
Deposits and guarantees received	7.510	4.172
Related party payables (Note: 34) <sup>(1)</sup>	-	40.142
Other payables <sup>(1)</sup>	25.352	34.931
	<u>117.262</u>	<u>117.733</u>
<b>Other long-term payables</b>		
Fair value of redeemed shares	78.632	64.452
Deposits and guarantees received	7.673	4.975
	<u>86.305</u>	<u>69.427</u>

Explanations about the nature and level of risks related to other receivables and payables are provided in Note 36.

#### 10. INVENTORIES

	31 December 2021	31 December 2020
Raw materials	635.195	193.018
Work in progress	828.928	263.237
Finished goods	98.752	53.546
Trading goods	246.376	195.402
Goods in transit	328.509	52.877
Inventory at construction sites	1.684.089	1.183.100
Other inventories	141.460	92.520
Allowance for impairment on inventory (-)	(11.073)	(155)
	<u>3.952.236</u>	<u>2.033.545</u>

During the year ended 31 December 2021, there are no borrowing costs added to inventory (31 December 2020: None).



## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in Thousands of Turkish Lira ("TRY") unless otherwise stated.)

#### 10. INVENTORIES (cont'd)

	2021	2020
<u>Movement of allowance for impairment on inventory</u>		
Provision as at 1 January	(155)	-
Charge for the period (Note: 25)	(10.918)	(155)
Provision as at 31 December	<u>(11.073)</u>	<u>(155)</u>

All of impairment expense on inventory has been charged to cost of revenue (2020: All of impairment expense on inventory has been charged to cost of revenue).

#### 11. CONTRACT ASSETS AND LIABILITIES ARISING FROM ONGOING CONSTRUCTION WORKS

	31 December 2021	31 December 2020
Cost incurred on uncompleted contracts	75.348.872	40.178.260
Recognised gain less losses (net)	624.608	2.112.733
	<u>75.973.480</u>	<u>42.290.993</u>
Less: Billings to date (-)	(74.567.710)	(42.094.433)
	<u>1.405.770</u>	<u>196.560</u>

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

	31 December 2021	31 December 2020
Contract assets arising from ongoing construction works	1.863.471	631.682
Contract liabilities arising from ongoing construction works	(457.701)	(435.122)
	<u>1.405.770</u>	<u>196.560</u>

	31 December 2021	31 December 2020
<u>Contract assets arising from ongoing construction works</u>		
Contracts undersigned abroad	1.698.489	522.268
Contracts undersigned in Turkey	164.982	109.414
	<u>1.863.471</u>	<u>631.682</u>
<u>Contract liabilities arising from ongoing construction works</u>		
Contracts undersigned abroad	(348.085)	(435.122)
Contracts undersigned in Turkey	(109.616)	-
	<u>(457.701)</u>	<u>(435.122)</u>
	<u>1.405.770</u>	<u>196.560</u>

The Group has 186.302 of advances given to subcontractors and other suppliers for construction projects classified in short-term prepaid expenses (31 December 2020: 267.303). Also, the Group has 619.984 of advances received for contracting projects classified in deferred revenue (31 December 2020: 472.264) (Note:18).

As of 31 December 2021, the Group has 1.145.893 of retention payables to subcontractors (31 December 2020: 734.474). Also, the amount of retention receivables is 967.996 (31 December 2020: 658.085) (Note: 8).

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in Thousands of Turkish Lira ("TRY") unless otherwise stated.)

#### 12. INVESTMENTS VALUED BY EQUITY METHOD

The details of the joint ventures of the Group, which are valued by equity method, are as follows:

Joint Ventures	Location of foundation and operation	31 December 2021		31 December 2020		Power to appoint	Industry
		Participation Rate	Amount	Participation Rate	Amount		
H-T Fidecilik	Turkey	50 %	14.212	50 %	13.372	50 %	Agriculture
Azfen	Azerbaijan	40 %	81.413	40 %	11.431	40 %	Construction
Florya Gayrimenkul (*)	Turkey	-	-	50 %	91.015	50 %	Real Estate
			<u>95.625</u>		<u>115.818</u>		

(\*) Shares of Florya Gayrimenkul were sold on 8 July 2021. (Note: 38)

Movement of Group's joint ventures during the year is as follows:

	2021	2020
Opening balance as at 1 January	115.818	103.597
Group's share on profit	80.808	60.407
Capital increases	444	850
Currency translation effect	31.684	527
Dividends	(41.675)	(48.865)
Effect of the joint ventures sold	(91.454)	(698)
Closing balance as at 31 December	<u>95.625</u>	<u>115.818</u>

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

H-T Fidecilik	840	1.188
Azfen	79.973	59.323
Black Sea (*)	-	(104)
Florya Gayrimenkul	(5)	-
Share on profit of investments valued by equity method	<u>80.808</u>	<u>60.407</u>

(\*) Shares of Black Sea were sold on 12 June 2020.

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in Thousands of Turkish Lira (“TRY”) unless otherwise stated.)

#### 12. INVESTMENTS VALUED BY EQUITY METHOD (cont’d)

Information related to financial position:

			Florya	
31 December 2021	H-T Fidecilik	Azfen	Gayrimenkul	Total
Cash and cash equivalents	1.660	1.781.757	-	1.783.417
Other current assets	90.050	726.679	-	816.729
Other non-current assets	18.524	544.246	-	562.770
<b>Total Assets</b>	<b>110.234</b>	<b>3.052.682</b>	<b>-</b>	<b>3.162.916</b>
Short-term financial debts	44.345	-	-	44.345
Other short-term liabilities	28.884	2.849.149	-	2.878.033
Long-term financial debts	3.430	-	-	3.430
Other long-term liabilities	5.152	-	-	5.152
<b>Total Liabilities</b>	<b>81.811</b>	<b>2.849.149</b>	<b>-</b>	<b>2.930.960</b>
Net Assets	28.423	203.533	-	231.956
Group's Ownership Rate	50%	40%	-	
Group's share on Net Assets	14.212	81.413	-	95.625
31 December 2020	H-T Fidecilik	Azfen	Florya Gayrimenkul	Total
Cash and cash equivalents	370	202.391	38	202.799
Other current assets	64.752	829.169	59.708	953.629
Other non-current assets	21.127	180.933	124.847	326.907
<b>Total Assets</b>	<b>86.249</b>	<b>1.212.493</b>	<b>184.593</b>	<b>1.483.335</b>
Short-term financial debts	23.045	-	-	23.045
Other short-term liabilities	22.651	1.183.915	73	1.206.639
Long-term financial debts	9.310	-	-	9.310
Other long-term liabilities	4.500	-	2.490	6.990
<b>Total Liabilities</b>	<b>59.506</b>	<b>1.183.915</b>	<b>2.563</b>	<b>1.245.984</b>
Net Assets	26.743	28.578	182.030	237.351
Group's Ownership Rate	50%	40%	50%	
Group's share on Net Assets	13.372	11.431	91.015	115.818

Translated into English from the report originally issued in Turkish.

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in Thousands of Turkish Lira (“TRY”) unless otherwise stated.)

#### 12. INVESTMENTS VALUED BY EQUITY METHOD (cont’d)

##### Information related to statement of profit or loss :

1 January - 31 December 2021	H-T Fidecilik	Azfen	Black Sea	Florya Gayrimenkul	Total
Revenue	121.154	3.958.918	-	-	4.080.072
Depreciation and amortization expense (-)	(3.249)	(27.093)	-	-	(30.342)
Operating profit	9.493	338.940	-	-	348.433
Financial income	303	-	-	-	303
Financial expense (-)	(6.707)	-	-	-	(6.707)
Tax expense (-)	(1.410)	(139.007)	-	(10)	(140.427)
Profit (Loss) for the Period	1.679	199.933	-	(10)	201.602
Group's Ownership Rate	50%	40%	-	50%	
Group's Share on Profit (Loss) for the Period	840	79.973	-	(5)	80.808

1 January - 31 December 2020	H-T Fidecilik	Azfen	Black Sea	Florya Gayrimenkul	Total
Revenue	103.343	1.686.963	-	-	1.790.306
Depreciation and amortization expense (-)	(2.893)	(52.719)	-	-	(55.612)
Operating profit (loss)	8.117	196.820	(579)	-	204.358
Financial income	35	-	268	-	303
Financial expense (-)	(4.111)	-	(36)	-	(4.147)
Tax (expense) income	(1.664)	(48.513)	1	-	(50.176)
Profit (Loss) for the Period	2.376	148.307	(346)	-	150.337
Group's Ownership Rate	50%	40%	30%	50%	
Group's Share on Profit (Loss) for the Period	1.188	59.323	(104)	-	60.407

(\*) Shares of Black Sea were sold 12 June 2020.

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in Thousands of Turkish Lira ("TRY") unless otherwise stated.)

#### 13. INVESTMENT PROPERTY

Cost value	Land	Buildings	Total
Opening balance as at 1 January 2021	76.062	99.685	175.747
Currency translation effect	41.028	4.606	45.634
Disposals	(10.318)	(1.657)	(11.975)
Closing balance as at 31 December 2021	106.772	102.634	209.406
Accumulated depreciation			
Opening balance as at 1 January 2021	-	(38.728)	(38.728)
Currency translation effect	-	(117)	(117)
Charge for the year	-	(2.582)	(2.582)
Disposals	-	45	45
Closing balance as at 31 December 2021	-	(41.382)	(41.382)
Carrying value as at 31 December 2021	106.772	61.252	168.024

  

Cost value	Land	Buildings	Total
Opening balance as at 1 January 2020	68.419	92.810	161.229
Currency translation effect	11.535	540	12.075
Additions	-	1.457	1.457
Disposals	(1.994)	(1.750)	(3.744)
Allowance for impairment (Note: 29)	(1.898)	-	(1.898)
Transfers from inventory	-	5.956	5.956
Transfers to inventory	-	(130)	(130)
Transfers from property, plant and equipment	-	802	802
Closing balance as at 31 December 2020	76.062	99.685	175.747
Accumulated depreciation			
Opening balance as at 1 January 2020	-	(35.871)	(35.871)
Currency translation effect	-	(11)	(11)
Charge for the year	-	(2.503)	(2.503)
Disposals	-	18	18
Transfers to inventory	-	10	10
Transfers to property, plant and equipment	-	(371)	(371)
Closing balance as at 31 December 2020	-	(38.728)	(38.728)
Carrying value as at 31 December 2020	76.062	60.957	137.019

Investment Property includes buildings over rental income earned and lands that are held for the investment purposes. Useful lives of investment properties are within 4 and 50 years.

Depreciation expense has been charged to cost of revenue (2020: Depreciation expense has been charged to cost of revenue).

For the year ended 31 December 2021 total rental income earned from investment properties is 49.428 (31 December 2020: 55.850). Direct operating and depreciation expenses arising on the investment properties in the year amounted to 14.295 (31 December 2020: 13.525).

The fair value of the Group's investment property has been determined based on a valuation carried out by independent expertise which has no relation to the Group and is one of the independent valuers 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 December 2021 is 911.362 (31 December 2020: 618.866) according to the valuation carried out by independent expert. There are not any restrictions on the realizability of investment property or any remittances of income and proceeds of disposal.

Two of the investment properties in the Group's assets were sold during the current year. The sales profit amounting to 37.627 is included in the investment income line of consolidated statement of profit or loss for the year ended 31 December 2021.

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in Thousands of Turkish Lira (“TRY”) unless otherwise stated.)

#### 14. PROPERTY, PLANT AND EQUIPMENT

	Land and land improvements	Buildings	Machinery and equipment	Vehicles	Furniture and fixtures	Construction in progress	Leasehold improvements	Total
<b>Cost value</b>								
Opening balance as at 1 January 2021	1.181.411	702.432	3.581.114	159.088	296.527	177.563	221.524	6.319.659
Currency translation effect	636.157	227.591	1.615.974	101.323	188.481	1.326	29.919	2.800.771
Additions	64.024	6.696	109.990	11.525	29.101	331.659	300	553.295
Allowance for impairment (Note: 29)	-	-	-	-	-	(11.671)	-	(11.671)
Disposals	(2.560)	-	(226.877)	(10.944)	(6.947)	(577)	(24.913)	(272.818)
Transfers to inventory	-	-	-	-	-	-	-	-
Transfers	15.824	32.525	78.171	(12.023)	25.073	(235.469)	59.722	(36.177)
Closing balance as at 31 December 2021	1.894.856	969.244	5.158.372	248.969	532.235	262.831	286.552	9.353.059
<b>Accumulated depreciation</b>								
Opening balance as at 1 January 2021	(472.124)	(335.476)	(2.467.112)	(121.930)	(216.239)	-	(129.803)	(3.742.684)
Currency translation effect	(325.925)	(136.786)	(1.342.434)	(85.367)	(150.554)	-	(23.132)	(2.064.198)
Charge for the year	(63.333)	(14.698)	(238.421)	(18.695)	(29.436)	-	(17.623)	(382.206)
Allowance for impairment (Note: 29)	-	(3.371)	-	-	-	-	(840)	(4.211)
Disposals	457	-	224.219	10.353	6.660	-	16.632	258.321
Transfers	(886)	886	31.484	6.493	(8.235)	-	(6.298)	23.444
Closing balance as at 31 December 2021	(861.811)	(489.445)	(3.792.264)	(209.146)	(397.804)	-	(161.064)	(5.911.534)
Carrying value as at 31 December 2021	1.033.045	479.799	1.366.108	39.823	134.431	262.831	125.488	3.441.525

A provision for impairment of 15.882 has been recognized for the part of the book value of property, plant and equipment that exceed their recoverable amount (31 December 2020: 29.968) (Note: 29).

For the year ended 31 December 2021, no additional capitalized borrowing costs are included in property, plant, and equipment (31 December 2020: None).

Translated into English from the report originally issued in Turkish.

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in Thousands of Turkish Lira (“TRY”) unless otherwise stated.)

#### 14. PROPERTY, PLANT AND EQUIPMENT (cont’d)

	Land and land improvements	Buildings	Machinery and equipment	Vehicles	Furniture and fixtures	Construction in progress	Leasehold improvements	Total
<b>Cost value</b>								
Opening balance as at 1 January 2020	952.418	540.564	2.952.315	135.287	231.992	122.033	184.107	5.118.716
Currency translation effect	146.656	59.980	403.445	28.144	41.217	3.787	7.054	690.283
Additions	62.240	4.405	163.102	5.180	21.226	296.076	4.540	556.769
Acquired through business combination	439	-	-	-	-	10.438	-	10.877
Disposals	(337)	(2.141)	(34.535)	(9.523)	(6.093)	(3.342)	-	(55.971)
Transfers	19.995	99.624	96.787	-	8.185	(251.429)	25.823	(1.015)
Closing balance as at 31 December 2020	1.181.411	702.432	3.581.114	159.088	296.527	177.563	221.524	6.319.659
<b>Accumulated depreciation</b>								
Opening balance as at 1 January 2020	(361.896)	(258.666)	(1.988.842)	(98.896)	(158.132)	-	(117.078)	(2.983.510)
Currency translation effect	(71.932)	(37.207)	(334.838)	(21.576)	(31.323)	-	(3.989)	(500.865)
Charge for the year	(38.324)	(11.324)	(168.599)	(10.621)	(28.444)	-	(8.736)	(266.048)
Allowance for impairment (Note: 29)	-	(29.968)	-	-	-	-	-	(29.968)
Disposals	28	1.328	24.375	9.156	2.445	-	-	37.332
Transfers	-	361	792	7	(785)	-	-	375
Closing balance as at 31 December 2020	(472.124)	(335.476)	(2.467.112)	(121.930)	(216.239)	-	(129.803)	(3.742.684)
Carrying value as at 31 December 2020	709.287	366.956	1.114.002	37.158	80.288	177.563	91.721	2.576.975

Property, plant, and equipment are depreciated over the following useful lives:

	Useful life
Land and land improvements	2-50 years
Buildings	5-50 years
Machinery and equipment	2-25 years
Vehicles	2-20 years
Furniture and fixtures	2-50 years
Leasehold improvements	3-50 years

Depreciation expense of 344.396 (2020: 251.250) has been charged to cost of revenue, 5.042 (2020: 4.866) to marketing expenses, 26.497 (2020: 13.621) to general administrative expenses, 2.062 (2020: 2.158) to research and development expenses. Depreciation expense of 4.209 is added to the cost of inventory (2020: 5.847 deducted from the cost of inventory).

Translated into English from the report originally issued in Turkish.

**TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES****NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

(Amounts are expressed in Thousands of Turkish Lira (“TRY”) unless otherwise stated.)

**15. RIGHT-OF-USE ASSETS**

<u>Cost value</u>	<u>Land and land improvements</u>	<u>Buildings</u>	<u>Machinery and equipments</u>	<u>Vehicles</u>	<u>Furniture and fixtures and other</u>	<u>Total</u>
Opening balance as at 1 January 2021	26.109	19.479	4.276	43.705	1.475	95.044
Currency translation effect	-	11.519	(153)	12.751	1.643	25.760
Additions	3.261	1.620	4.415	13.936	363	23.595
Disposals	(4.878)	(1.302)	(1.426)	(11.568)	(797)	(19.971)
Closing balance as at 31 December 2021	<u>24.492</u>	<u>31.316</u>	<u>7.112</u>	<u>58.824</u>	<u>2.684</u>	<u>124.428</u>
<u>Accumulated depreciation</u>						
Opening balance as at 1 January 2021	(3.548)	(9.078)	(1.557)	(17.167)	(953)	(32.303)
Currency translation effect	-	(7.587)	1.993	(6.098)	(654)	(12.346)
Charge for the year	(5.710)	(6.762)	(3.984)	(19.727)	(1.200)	(37.383)
Disposals	4.878	1.182	1.417	11.568	753	19.798
Closing balance as at 31 December 2021	<u>(4.380)</u>	<u>(22.245)</u>	<u>(2.131)</u>	<u>(31.424)</u>	<u>(2.054)</u>	<u>(62.234)</u>
Carrying value as at 31 December 2021	<u>20.112</u>	<u>9.071</u>	<u>4.981</u>	<u>27.400</u>	<u>630</u>	<u>62.194</u>

Translated into English from the report originally issued in Turkish.



## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in Thousands of Turkish Lira (“TRY”) unless otherwise stated.)

#### 15. RIGHT-OF-USE ASSETS (cont'd)

Cost value	Land and land improvements	Buildings	Machinery and equipments	Vehicles	Furniture and fixtures and other	Total
Opening balance as at 1 January 2020	21.639	29.607	5.673	44.711	1.988	103.618
Currency translation effect	-	5.374	540	1.902	(27)	7.789
Additions	5.619	3.880	2.689	27.268	116	39.572
Disposals	(1.149)	(19.382)	(4.626)	(30.176)	(602)	(55.935)
Closing balance as at 31 December 2020	<u>26.109</u>	<u>19.479</u>	<u>4.276</u>	<u>43.705</u>	<u>1.475</u>	<u>95.044</u>
<b>Accumulated depreciation</b>						
Opening balance as at 1 January 2020	(1.616)	(13.898)	(4.072)	(27.987)	(863)	(48.436)
Currency translation effect	-	(2.586)	(470)	(1.092)	29	(4.119)
Charge for the year	(2.993)	(11.105)	(1.155)	(14.863)	(574)	(30.690)
Disposals	1.061	18.511	4.140	26.775	455	50.942
Closing balance as at 31 December 2020	<u>(3.548)</u>	<u>(9.078)</u>	<u>(1.557)</u>	<u>(17.167)</u>	<u>(953)</u>	<u>(32.303)</u>
Carrying value as at 31 December 2020	<u><u>22.561</u></u>	<u><u>10.401</u></u>	<u><u>2.719</u></u>	<u><u>26.538</u></u>	<u><u>522</u></u>	<u><u>62.741</u></u>

Right-of-use assets are depreciated over the following useful lives:

	Useful life
Land and land improvements	1-50 years
Buildings	1-5 years
Machinery and equipment	1-3 years
Vehicles	1-4 years
Furniture and fixtures and other	1-3 years

Depreciation expense of 23.489 (2020: 18.174) has been charged to cost of revenue, 3.371 (2020: 2.331) to marketing expenses and 10.523 (2020: 10.185) to general administrative expenses.

Translated into English from the report originally issued in Turkish.

**TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES****NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

(Amounts are expressed in Thousands of Turkish Lira (“TRY”) unless otherwise stated.)

**16. OTHER INTANGIBLE ASSETS**

<u>Cost Value</u>	<u>Rights</u>	<u>Other</u>	<u>Total</u>
Opening balance as at 1 January 2021	125.380	2.508	127.888
Currency translation effect	68.464	777	69.241
Additions	2.820	-	2.820
Disposals	(16.719)	(29)	(16.748)
Transfers	37.233	(1.097)	36.136
Closing balance as at 31 December 2021	<u>217.178</u>	<u>2.159</u>	<u>219.337</u>
<u>Accumulated amortization</u>			
Opening balance as at 1 January 2021	(82.220)	(1.411)	(83.631)
Currency translation effect	(58.708)	(773)	(59.481)
Charge for the year	(13.264)	(4)	(13.268)
Disposals	15.429	29	15.458
Transfers	(23.403)	-	(23.403)
Closing balance as at 31 December 2021	<u>(162.166)</u>	<u>(2.159)</u>	<u>(164.325)</u>
Carrying value as at 31 December 2021	<u>55.012</u>	<u>-</u>	<u>55.012</u>
<u>Cost value</u>	<u>Rights</u>	<u>Other</u>	<u>Total</u>
Opening balance as at 1 January 2020	101.506	7.144	108.650
Currency translation effect	15.476	1.664	17.140
Additions	9.317	183	9.500
Acquired through business combination	1.907	-	1.907
Disposals	(3.035)	(6.483)	(9.518)
Transfers	209	-	209
Closing balance as at 31 December 2020	<u>125.380</u>	<u>2.508</u>	<u>127.888</u>
<u>Accumulated amortization</u>			
Opening balance as at 1 January 2020	(61.183)	(2.432)	(63.615)
Currency translation effect	(12.110)	(1.152)	(13.262)
Charge for the year	(9.911)	(19)	(9.930)
Disposals	984	2.192	3.176
Closing balance as at 31 December 2020	<u>(82.220)</u>	<u>(1.411)</u>	<u>(83.631)</u>
Carrying value as at 31 December 2020	<u>43.160</u>	<u>1.097</u>	<u>44.257</u>

Intangible assets are amortized over useful lives of rights through 2 to 25 years and useful lives of other intangibles through 2 to 5 years.

Amortization expense of 6.731 (2020: 7.803) has been charged to general administrative expenses, 6.537 (2020: 2.127) to cost of revenue.

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in Thousands of Turkish Lira (“TRY”) unless otherwise stated.)

#### 17. GOODWILL

<b>Subsidiaries Acquired</b>	<b>Nature of Business</b>	<b>Date of Acquisition</b>	<b>Ratio of Shares Acquired</b>	<b>Acquisition Price</b>	<b>Goodwill</b>
CFS Petrokimya Sanayi A.Ş.	Chemical Industry	31 May 2019	100%	8.518	-
Denkmal in Dahlem Otto-Hahn-Platz GmbH	Engineering & Contracting	30 July 2019	80%	76.821	32.727
Toros Gönen Yenilenebilir Enerji Üretim A.Ş.	Chemical Industry	31 July 2019	70%	42.946	41.608
Toros Meram Yenilenebilir Enerji Üretim A.Ş.	Chemical Industry	14 February 2020	99,9%	24.814	21.352
				<b>153.099</b>	<b>95.687</b>

Breakdown of the acquisition price is as follows:

	<b>CFS</b>	<b>Denkmal Dahlem</b>	<b>Gönen Enerji</b>	<b>Meram Enerji</b>	<b>Total</b>
Paid in cash	8.518	76.821	42.946	24.814	153.099
<b>Acquisition price</b>	<b>8.518</b>	<b>76.821</b>	<b>42.946</b>	<b>24.814</b>	<b>153.099</b>

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

	<b>CFS</b>	<b>Denkmal Dahlem</b>	<b>Gönen Enerji</b>	<b>Meram Enerji</b>	<b>Total</b>
<b>Current assets</b>	<b>113</b>	<b>404.424</b>	<b>19.361</b>	<b>20.264</b>	<b>444.162</b>
Cash and cash equivalents	113	1.733	12.132	3.043	17.021
Other current assets	-	402.691	7.229	17.221	427.141
<b>Non-current assets</b>	<b>538</b>	<b>4.801</b>	<b>42.252</b>	<b>12.898</b>	<b>60.489</b>
Tangible and intangible assets	538	4.801	40.268	12.784	58.391
Other non-current assets	-	-	1.984	114	2.098
<b>Current liabilities</b>	<b>932</b>	<b>147.410</b>	<b>27.746</b>	<b>29.697</b>	<b>205.785</b>
<b>Non-current liabilities</b>	<b>-</b>	<b>206.697</b>	<b>31.956</b>	<b>-</b>	<b>238.653</b>
<b>Net assets</b>	<b>(281)</b>	<b>55.118</b>	<b>1.911</b>	<b>3.465</b>	<b>60.213</b>

Translated into English from the report originally issued in Turkish.

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in Thousands of Turkish Lira ("TRY") unless otherwise stated.)

#### 17. GOODWILL (cont'd)

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

	<u>CFS</u>	<u>Denkmal Dahlem</u>	<u>Gönen Enerji</u>	<u>Meram Enerji</u>	<u>Total</u>
Acquisition price	8.518	76.821	42.946	24.814	153.099
Non-controlling interest	-	11.024	573	3	11.600
Less: Fair value of net assets of the acquired company	281	(55.118)	(1.911)	(3.465)	(60.213)
Impairment (-)	(8.799)	-	-	-	(8.799)
<b>Goodwill</b>	<b>-</b>	<b>32.727</b>	<b>41.608</b>	<b>21.352</b>	<b>95.687</b>

Net cash outflow concerning the acquisition is as follows:

	<u>CFS</u>	<u>Denkmal Dahlem</u>	<u>Gönen Enerji</u>	<u>Meram Enerji</u>	<u>Total</u>
Paid in cash	8.518	76.821	42.946	24.814	153.099
Less: Cash and cash equivalents of the acquired company	(113)	(1.733)	(12.132)	(3.043)	(17.021)
<b>Net cash outflow</b>	<b>8.405</b>	<b>75.088</b>	<b>30.814</b>	<b>21.771</b>	<b>136.078</b>

Movement of Goodwill is as follows:

	<u>CFS</u>	<u>Denkmal Dahlem</u>	<u>Gönen Enerji</u>	<u>Meram Enerji</u>	<u>Total</u>
Opening balance as at 1 January 2021	8.799	20.079	41.608	21.352	91.838
Impairment (Note: 29)	(8.799)	-	-	-	(8.799)
Currency translation effect	-	12.648	-	-	12.648
<b>Closing balance as at 31 December 2021</b>	<b>-</b>	<b>32.727</b>	<b>41.608</b>	<b>21.352</b>	<b>95.687</b>
Opening balance as at 1 January 2020	4.992	14.824	41.608	-	61.424
Additions	3.807	-	-	21.352	25.159
Currency translation effect	-	5.255	-	-	5.255
<b>Closing balance as at 31 December 2020</b>	<b>8.799</b>	<b>20.079</b>	<b>41.608</b>	<b>21.352</b>	<b>91.838</b>

The decision of the Mersin 2<sup>nd</sup> Administrative Court to annul the positive Environmental Impact Assessment (EIA) report taken regarding the polypropylene production facility project planned by CFS on Toros Tarım's land in Mersin was appealed to the Council of State. The appeal was rejected by the Council of State and the decision of the first instance court was approved. Therefore, it has been decided not to continue the works within the scope of the project, and a provision for impairment has been recognized for the entire goodwill arising from CFS.

The Group has calculated the recoverable amount of goodwill arising from other acquisitions and has not determined any impairment in the year ended 31 December 2021 (31 December 2020: 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 10,1%; where 8,2% for Denkmal Dahlem.

Translated into English from the report originally issued in Turkish.

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in Thousands of Turkish Lira (“TRY”) unless otherwise stated.)

#### 18. PREPAID EXPENSES AND DEFERRED REVENUE

	31 December 2021	31 December 2020
<u>Short-term prepaid expenses</u>		
Advances paid for construction projects (Note: 11)	182.630	267.203
Prepaid expenses	149.348	122.999
Order advances given	15.518	17.227
Business advances given	1.720	1.501
	<u>349.216</u>	<u>408.930</u>
<u>Long-term prepaid expenses</u>		
Prepaid expenses	5.154	3.571
Advances given for fixed assets	47.101	15.397
	<u>52.255</u>	<u>18.968</u>
<u>Short-term deferred revenue</u>		
Advances received for construction projects (Note: 11)	619.984	472.264
Other advances received	242.641	104.649
Income relating to future months	18.331	13.197
	<u>880.956</u>	<u>590.110</u>
<u>Long-term deferred revenue</u>		
Income relating to future years	231	241
	<u>231</u>	<u>241</u>

#### 19. GOVERNMENT GRANTS AND INCENTIVES

Tekfen Tarım benefits from the certified seed production support according to the support amounts determined in the Communiqué about “Supporting Domestic Certified Seed Production” published in the Official Gazette for its production of certified wheat seeds. In addition, Tekfen Tarım benefits from certified seed/sapling production support for its potato and banana saplings product groups in the amount determined in “Communiqué on Payment of Support to Plant Production”.

In the plant production section of Tekfen Tarım, the application made to the Ministry of Industry and Technology has been concluded as positive and as of 22 November 2018, Tekfen Tarım has been granted the Research and Development (“R&D”) Center Certificate for Adana-Agripark facilities. In this context, it can benefit from the discounts and supports specified in the Law No. 5746. Within the scope of the grant support programs of R&D projects, support is received at the rate of 60% -70% of the total project budgets requested according to the relevant regulations and financial principles. The amount and duration of the support varies according to the projects submitted and the institutions applied for and these supports are used.

Alanar Meyve, benefits from “Good Agricultural Practices” and “Diesel and Fertilizer” supports of Ministry of Agriculture and Forestry.

In order to meet the demands and requirements of the industry, improve the product range, domestically produce fertilizers that are not produced in Turkey and optimize the logistics factors, it's been deduced to establish a R&D center in Mersin factory plant of Toros Tarım. Permission application to the Ministry of Industry and Technology was made on 22 June 2017 and R&D center was approved on 1 August 2017.

In order to meet the demand of the industry by creating new designs for the products in its scope of operation and especially products that are suitable for petroleum refineries, Timaş deduced to establish a Design Center in its İstanbul headquarter. Permission application to the Ministry of Industry and Technology was made on 9 May 2017 and Design Center was approved on 3 August 2017.

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in Thousands of Turkish Lira ("TRY") unless otherwise stated.)

#### 19. GOVERNMENT GRANTS AND INCENTIVES (cont'd)

Within the scope of Law numbered 5746, various tax (design discount) advantages are provided to the firms which provide innovative approaches with R&D and Design Center activities and develop new products and technologies to the industry. Accordingly, the R&D and Design Centers are covered by income tax withholding tax and insurance premium support. In addition, the innovation and design expenditures determined in the law are subject for deduction from the corporate tax base.

Gönen Enerji and Meram Enerji have received General Investment Incentive Certificate for their power generation facility investments from Ministry of Economy on 30 April 2012 and 7 September 2017 respectively. Additionally, for Organomineral Fertilizer facility investments they have received 4<sup>th</sup> Region Investment Incentive Certificate from Ministry of Economy on 24 January 2019 and 8 June 2020 respectively. These incentives provide 70% tax exemption for the taxation of the income derived from the investment within the framework of VAT exemption, customs tax exemption, interest support, insurance premium employer support and 30% investment contribution rate.

The project of "9 Nikelli Malzeme ile Depolama Tankının Geliştirilmesi" within the Derince factory of Timaş was approved by TÜBİTAK on 21 January 2020. Approved incentives were collected in 2021 for the expenses of the personnel involved in R&D activities within the scope of income tax withholding support and insurance employer premium support for the project.

#### 20. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

##### a) Provisions

	31 December 2021	31 December 2020	
<b>Short-term other provisions</b>			
Provision for litigation	40.102	14.651	
Other provisions	476.737	438.443	
	<u>516.839</u>	<u>453.094</u>	
<b>Long-term other provisions</b>			
Other provisions	55	72	
	<u>55</u>	<u>72</u>	
	<u>Provision for litigation</u>	<u>Other liability provisions</u>	<u>Total Other Provisions</u>
Opening balance as at 1 January 2021	14.651	438.515	453.166
Currency translation effect	10.971	242.828	253.799
Charge for the period	19.588	61.653	81.241
Provision paid	(1.642)	(32)	(1.674)
Provision released	(3.466)	(266.172)	(269.638)
Closing balance as at 31 December 2021	<u>40.102</u>	<u>476.792</u>	<u>516.894</u>
Opening balance as at 1 January 2020	13.382	183.334	196.716
Currency translation effect	354	53.993	54.347
Charge for the period	4.562	283.852	288.414
Provision paid	(2.633)	-	(2.633)
Provision released	(1.014)	(82.664)	(83.678)
Closing balance as at 31 December 2020	<u>14.651</u>	<u>438.515</u>	<u>453.166</u>

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in Thousands of Turkish Lira (“TRY”) unless otherwise stated.)

#### 20. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES (cont’d)

##### b) Contingent Assets and Liabilities

###### Contractual Assets and Obligations:

###### *Defects Liabilities*

Based on the agreements signed with customers, the Group’s subsidiary Tekfen İnşaat ensures to maintain its contract operations until the end of guarantee period and undertake the construction, maintenance, and general maintenance of related assets for the periods and conditions stated on the agreements. In case the customer determines any defects after the provisional acceptance of the contract, Tekfen İnşaat can be obliged to remedy the defect.

###### *Penalty of Default*

Based on the agreements signed with the customers, if Tekfen İnşaat fails to complete in full or partially its contract operations within the determined period, it may pay penalty amount for such defaults to its customers.

###### Litigations:

As of 31 December 2021, except Libya counterclaim, lawsuit filed against the Group is totally 137.016 (31 December 2020: 112.844) and the management has decided to accrue 40.862 (31 December 2020: 14.651) 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, no significant risks are foreseen regarding of lawsuits filed against the Group.

###### *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 our Announcement of 18 June 2015. In our 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 counter-claims 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.

## TEKFEN HOLDİNG ANONİM ŐİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in Thousands of Turkish Lira (“TRY”) unless otherwise stated.)

#### 20. 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.

In this process, the Employer MMRA formed a four-person commission to discuss the terms of termination and Tekfen TML J.V.'s demands. Currently, the parties have agreed in principle to terminate the construction contract, provided that it does not prejudice their rights and demands in the arbitration process and that the agreed matters remain confidential, and it has been agreed to hold a meeting for the signing of the final agreement text. Due to the ongoing travel restrictions in Libya and internationally, negotiations are continuing to determine a suitable place and date for the parties to come together.



## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in Thousands of Turkish Lira ("TRY") unless otherwise stated.)

#### 21. COMMITMENTS

Guarantee, pledge and mortgage position of the Group as of 31 December 2021 and 2020 is as follows:

31 December 2021	Equivalent of Thousands TRY	<i>Thousands of US Dollars</i>	<i>Thousands of EUR</i>	<i>Other (Equivalent of Thousands TRY)</i>
A. GPM given on behalf of its own legal entity	615	-	-	615
-Guarantee	615	-	-	615
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
B. GPM given on behalf of subsidiaries that are included in full consolidation	22.284.476	1.148.801	87.130	6.096.642
-Guarantee	22.278.476	1.148.801	87.130	6.090.642
-Pledge	-	-	-	-
-Mortgage	6.000	-	-	6.000
C. GPM given in order to guarantee third parties' debts for the routine trade operations	10.139	-	-	10.139
-Guarantee	10.139	-	-	10.139
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
D. Total amounts of other GPM given	-	-	-	-
i. Total amount of GPM given on behalf of parent company	-	-	-	-
ii. Total amount of GPM given on behalf of other group companies that are not included group B and C	-	-	-	-
iii. Total amount of GPM given on behalf of third parties that are not included group C	-	-	-	-
<b>Total as of 31 December 2021</b>	<b>22.295.230</b>	<b>1.148.801</b>	<b>87.130</b>	<b>6.107.396</b>
31 December 2020	TRY	<i>Thousands of US Dollars</i>	<i>Thousands of EUR</i>	<i>Other (Equivalent of Thousands TRY)</i>
A. GPM given on behalf of its own legal entity	-	-	-	-
-Guarantee	-	-	-	-
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
B. GPM given on behalf of subsidiaries that are included in full consolidation	14.047.645	1.167.886	56.389	4.966.832
-Guarantee	14.043.145	1.167.886	56.389	4.962.332
-Pledge	-	-	-	-
-Mortgage	4.500	-	-	4.500
C. GPM given in order to guarantee third parties' debts for the routine trade operations	10.905	-	-	10.905
-Guarantee	10.905	-	-	10.905
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
D. Total amounts of other GPM given	-	-	-	-
i. Total amount of GPM given on behalf of parent company	-	-	-	-
ii. Total amount of GPM given on behalf of other group companies that are not included group B and C	-	-	-	-
iii. Total amount of GPM given on behalf of third parties that are not included group C	-	-	-	-
<b>Total as of 31 December 2020</b>	<b>14.058.550</b>	<b>1.167.886</b>	<b>56.389</b>	<b>4.977.737</b>

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

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in Thousands of Turkish Lira ("TRY") unless otherwise stated.)

#### 22. EMPLOYEE BENEFITS

	31 December 2021	31 December 2020
<u>Employee benefit payables</u>		
Salary accruals	93.090	45.694
Social security withholding payables	32.088	18.908
Other employee benefit payables	1.713	-
	<u>126.891</u>	<u>64.602</u>
<u>Short-term provisions attributable to employee benefits</u>		
Retirement pay provision	99.710	50.485
Unused vacation pay liability provision	113.553	66.325
Premium provision	47.126	26.620
	<u>260.389</u>	<u>143.430</u>
<u>Long-term provisions attributable to employee benefits</u>		
Retirement pay provision	205.708	119.534
Premium provision	82.654	-
	<u>288.362</u>	<u>119.534</u>
Short-term retirement pay provision	99.710	50.485
Long-term retirement pay provision	205.708	119.534
	<u>305.418</u>	<u>170.019</u>

#### Retirement pay provision:

Retirement pay provision regarding Turkish employees located abroad:

The Group is liable to pay retirement benefit for each qualified personnel abroad according to the legislation of the relevant country. In addition to this, according to Group's retirement benefit policy, the Group pays retirement benefits to its retirees.

Retirement pay provision for Turkish personnel employed in Turkey:

The Group is obliged to pay severance payment to every employee who completed at least one year of service and whose employment contract has been terminated in accordance with the provisions of the Labor Law and other relevant legislation in force in Turkey is entitled to severance pay.

Group has calculated current year's amount by using the upper limit 10.848,59 TRY which is effective on or after 1 January 2022 (31 December 2020: 7.638,96 TRY). The amount payable to the employee is limited to employee's one-month worth salary or to the upper limit of retirement pay provision for each period of service as of 31 December 2020.

There is no legal funding requirement for retirement pay liability.

The provision is calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of employees (not applicable for employees who are working in construction projects). TAS 19 ("Employee Benefits") requires actuarial valuation methods to be developed to estimate the Group's obligation under defined benefit plans. Accordingly, the following actuarial assumptions are used in the calculation of the total liability.

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in Thousands of Turkish Lira ("TRY") unless otherwise stated.)

#### 22. EMPLOYEE BENEFITS (cont'd)

##### Retirement pay provision (cont'd):

Retirement pay provision for Turkish personnel employed in Turkey (cont'd):

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the consolidated financial statements as of 31 December 2021, the provision has been calculated by estimating the present value of the future probable obligation arising from the retirement of the employees. The provisions are calculated by taking the real discount rate as approximately 3,42% as of 31 December 2021(31 December 2020: 2,24%). Approximately proportion of voluntarily terminations requiring no payments are also considered.

Retirement pay provision of foreign employees located abroad:

The Group and its consolidated subsidiaries are subject to regulations where they operate in. Provisional amounts for the subject matter laws have been provided in the consolidated financial statements.

Retirement pay provision for subcontractor employee:

The Group and the subcontractor companies are conjointly responsible for the retirement pay provision of subcontractor employees at the construction projects. In order to guarantee subcontractors commitment, the Group provides deductions from subcontractor's progress billings and letter of guarantee. Retirement pay provision calculation for subcontractor's personnel is subject to regulations where they operate in and the agreements between the Group and the subcontractors.

	Retirement Pay Provision	Premium Provision	Unused vacation pay liability provision	Total provisions attributable to employee benefits
Opening balance as at 1 January 2021	170.019	26.620	66.325	262.964
Currency translation effect	76.558	26.531	31.857	134.946
Charge for the period	129.601	105.910	57.043	292.554
Interest expense	3.540	-	-	3.540
Provision paid	(71.256)	(16.328)	(39.623)	(127.207)
Provision released	(1.080)	(12.953)	(2.049)	(16.082)
Actuarial gain	(1.964)	-	-	(1.964)
Closing balance as at 31 December 2021	<u>305.418</u>	<u>129.780</u>	<u>113.553</u>	<u>548.751</u>
Opening balance as at 1 January 2020	117.115	63.704	52.218	233.037
Currency translation effect	19.543	5.591	7.845	32.979
Charge for the period	72.442	40.399	29.730	142.571
Interest expense	3.162	-	-	3.162
Provision paid	(44.735)	(38.300)	(21.969)	(105.004)
Provision released	(177)	(44.774)	(1.499)	(46.450)
Actuarial loss	2.669	-	-	2.669
Closing balance as at 31 December 2020	<u>170.019</u>	<u>26.620</u>	<u>66.325</u>	<u>262.964</u>

112.147 (2020: 66.870) of current year charge and released provision for retirement pay has been included in cost of revenue, 17.579 (2020: 7.672) has been included in general administrative expenses, 724 (2020: 157) has been included in research and development expenses and 1.611 (2020: 728) has been included in marketing expenses.

7.633 (2020: (24.823)), 80.309 (2020: 17.988), 295 (2020: 216) and 4.720 (2020: 2.244) of current year charge and released provision for premiums have been included in cost of revenue, in general administrative expenses, in research and development expenses and in marketing expenses respectively.

47.221 (2020: 22.264) of current year charge and released provision for unused vacation pay liability has been included in cost of revenue, 7.304 (2020: 3.991) has been included in general administrative expenses and 469 (2020: (24)) has been included in marketing expenses.

Translated into English from the report originally issued in Turkish.

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in Thousands of Turkish Lira ("TRY") unless otherwise stated.)

#### 23. OTHER CURRENT/NON-CURRENT ASSETS AND OTHER SHORT-TERM LIABILITIES

	31 December 2021	31 December 2020
<b>Other current assets</b>		
VAT receivables	452.368	219.523
Withholding tax of ongoing construction contracts	603	959
Other current assets	23.677	25.439
	<u>476.648</u>	<u>245.921</u>
<b>Other non-current assets</b>		
Withholding tax of ongoing construction contracts	18.625	4.984
VAT receivables	15.717	18.513
	<u>34.342</u>	<u>23.497</u>
<b>Other short-term liabilities</b>		
VAT calculated	4.993	28.654
Other	1.097	441
	<u>6.090</u>	<u>29.095</u>

#### 24. SHAREHOLDERS' EQUITY

##### a) Share Capital

After the changes in the shareholders' structure during the period, the structure of the paid in capital as of 31 December 2021 and 2020 is as follows:

Shareholders	(%)	31 December 2021	(%)	31 December 2020
Berker family	22,55%	83.422	22,55%	83.422
Gökyiğit family	22,32%	82.595	22,18%	82.060
Akçağlılar family	6,65%	24.611	6,65%	24.611
Other (*)	0,49%	1.799	0,78%	2.898
Publicly traded	47,99%	177.573	47,84%	177.009
Paid in capital	100,00%	370.000	100,00%	370.000
Capital structure adjustments		3.475		3.475
Restated capital		<u>373.475</u>		<u>373.475</u>

(\*) Indicates the total of owners with shares less than 5%.

Registered and issued capital comprises 370.000.000 shares at 1 TRY par value (31 December 2020: 370.000.000). All these shares consist of bearer common shares.

According to the articles of association of the Company, 5% of the net profit is reserved as first order legal reserves up to 20% of the paid-up capital. At least 30% but not less than the rate and amount determined by the CMB of the amount that to be found by the addition of donations made within the year to the remaining part of the net profit is distributed as first dividend. Up to 3% of the remaining net profit is devoted to Tekfen Eğitim Sağlık Kültür Sanat ve Doğal Varlıkları Koruma Vakfı which holds redeemed shares.

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in Thousands of Turkish Lira ("TRY") unless otherwise stated.)

#### 24. SHAREHOLDERS' EQUITY (cont'd)

##### b) Accumulated other comprehensive income or loss that will be not reclassified / reclassified in profit or loss

	31 December 2021	31 December 2020
Accumulated other comprehensive income or loss that will not be reclassified in profit or loss		
- Gain (loss) on investments in equity instruments	(362.986)	292.516
- Gain on revaluation and remeasurement	3.594	13
	<u>(359.392)</u>	<u>292.529</u>
Accumulated other comprehensive income or loss that will be reclassified in profit or loss		
- Currency translation reserve	2.577.869	1.055.947
- Gain on hedging (Note: 35)	192.376	7.236
	<u>2.770.245</u>	<u>1.063.183</u>

##### *Gain / (loss) on investments in equity instruments:*

Gain (loss) on investments in equity instruments consists of changes in fair value of fair value through other comprehensive income financial investments.

##### *Gain on revaluation and remeasurement:*

Gain on revaluation and remeasurement consists of all actuarial gains and losses, which are calculated in accordance with revised TAS 19 and recognized in other comprehensive income.

##### *Currency Translation Reserve:*

Group's consolidated reporting currency is TRY. In accordance with TAS 21 (The Effects of Changes in Foreign Exchange Rates), balance sheet items of the companies, whose functional currencies are differed from TRY, are translated into TRY with the rates prevailing at the balance sheet date and revenue, expenses and cash flows are translated with the exchange rates at the transaction date (historical rates) or yearly average rate in the presentation of Group's consolidated financial statements. Gain or loss arising from the translation is recognized in the foreign currency translation reserve under equity which is 2.577.869 (31 December 2020: 1.055.947).

##### *Gains on hedging:*

The hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of hedging instruments entered for cash flow hedges under equity. The cumulative gain or loss arising on changes in fair value of the hedging instruments that are recognized and accumulated under the heading of cash flow hedging reserve will be reclassified to profit or loss only when the hedged transaction affects the profit or loss.

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in Thousands of Turkish Lira ("TRY") unless otherwise stated.)

#### 24. SHAREHOLDERS' EQUITY (cont'd)

##### c) Legal Reserves

	31 December 2021	31 December 2020
Legal reserves	397.716	382.727

The legal reserves consist of first and second legal reserves, appropriated in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the historical paid-in share capital. The second legal reserve is appropriated after the first legal reserve and dividends, at the rate of 10% per annum of all cash dividend distributions.

##### *Profit Distribution:*

Listed companies distribute profit in accordance with the Communiqué No. II-19.1 issued by CMB which is effective from 1 February 2014.

Companies distribute profit in accordance with their dividend payment policies settled and dividend payment decision taken in general assembly and in conformity with relevant legislations. The communiqué does not constitute a minimum dividend rate. Companies distribute profit in accordance with the method defined in their dividend policy or articles of incorporation. In addition, dividend can be distributed by fixed or variable installments and advance dividend can be paid in accordance with profit on interim financial statement of the Company.

In accordance with TCC, unless the required reserves and the dividend for shareholders as determined in the article of association or in the dividend distribution of the company are set aside, no decision may be made to set aside other reserves, to transfer profits to the subsequent year or to distribute dividends to the holders of usufruct right certificates, to the members of the board of directors or to the employees; and no dividend can be

##### *Resources That Can Be Subject to Profit Distribution:*

Total amount of other resources that may be subject to profit distribution in the statutory records of Tekfen Holding A.Ş. is 3.739.524 (31 December 2020: 3.223.995) 3.391.298 portion of this amount belongs to shares issued and 348.226 portion of this amount belongs to bonus shares issued (31 December 2020: shares issued 2.880.756, bonus shares issued 343.239).

##### d) Premiums in Capital Stock

Group has done public offering (22,50%) of issued 66.775 shares by increased capital on 23 November 2007. The income from this public offering is 380.618. After 12.859 expenses directly related to the public offering deducted, 300.984 is accounted as premium in capital stock in shareholder's equity.

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in Thousands of Turkish Lira ("TRY") unless otherwise stated.)

#### 25. REVENUE AND COST OF REVENUE

Revenue	1 January - 31 December 2021	1 January - 31 December 2020
Engineering & Contracting Group Revenue	8.197.426	7.107.507
- <i>Contract revenue – abroad</i>	6.801.249	6.098.624
- <i>Contract revenue – domestic</i>	1.135.726	688.520
- <i>Joint operations – abroad</i>	216.913	261.469
- <i>Joint operations – domestic</i>	32.706	40.765
- <i>Other revenue</i>	10.832	18.129
Chemical Industry Group Revenue	7.199.933	3.887.807
- <i>Fertilizer sales revenue</i>	7.155.008	3.871.057
- <i>Other revenue</i>	44.925	16.750
Services Group Revenue	562.395	486.244
- <i>Terminal services</i>	163.812	180.675
- <i>Free zone operations</i>	179.767	144.493
- <i>Motel, dock and fuel revenue</i>	150.379	102.183
- <i>Other revenue</i>	68.437	58.893
Agricultural Production Group Revenue	183.764	200.589
Investment Group Revenue	79.450	47.632
	<u>16.222.968</u>	<u>11.729.779</u>

The Group derives its revenue from the transfer of goods and services over time and at a point in time in the following major product lines. This is consistent with the revenue information that is disclosed for each reportable segment under TFRS 8. Performance obligations arising from the Engineering and Contracting segment are fulfilled over time. A significant portion of performance obligations arising from other reportable segments are fulfilled at a point in time.

**TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES****NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

(Amounts are expressed in Thousands of Turkish Lira ("TRY") unless otherwise stated.)

**25. REVENUE AND COST OF REVENUE (cont'd)**

	1 January - 31 December 2021	1 January - 31 December 2020
<b>Cost of revenue (-)</b>		
Cost of raw materials used	(6.897.147)	(3.817.979)
Subcontractor expenses	(2.978.643)	(3.012.459)
Personnel expenses	(2.612.728)	(1.516.118)
Machinery, vehicle and other rent expenses	(546.681)	(325.126)
Depreciation expenses (Note: 13,14,15,16)	(377.003)	(274.054)
Energy and fuel expenses	(303.641)	(190.616)
Maintenance expenses	(292.192)	(488.404)
Construction site expenses	(217.858)	(164.386)
Consultancy expenses	(121.866)	(150.741)
Transportation expenses	(109.492)	(75.271)
Traveling expenses	(86.057)	(41.790)
Cost of merchandises sold	(79.816)	(192.993)
Engineering expenses	(63.318)	(100.581)
Services obtained from third parties	(61.180)	(41.378)
Insurance expenses	(56.763)	(30.173)
Comission expenses	(37.571)	(51.999)
Custom expenses	(18.605)	(18.211)
Allowance for impairment on inventory (Note: 10)	(10.918)	(155)
Provision for doubtful receivables (Note: 8)	(6.169)	(9.110)
Consumable and other material expenses	(3.380)	(2.610)
Reversal of doubtful receivable provision (Note: 8)	361	749
Project loss provisions (Note: 20)	185.285	(201.781)
Other	(247.521)	(110.596)
	<u>(14.942.903)</u>	<u>(10.815.782)</u>



**TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES****NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

(Amounts are expressed in Thousands of Turkish Lira ("TRY") unless otherwise stated.)

**26. GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES**

	1 January - 31 December 2021	1 January - 31 December 2020
General administrative expenses (-)	(695.374)	(482.000)
Marketing expenses (-)	(340.386)	(326.154)
Research and development expenses (-)	(28.233)	(22.516)
	<u>(1.063.993)</u>	<u>(830.670)</u>
<u>Details of general administrative expenses</u>		
Personnel expenses	(444.396)	(283.700)
Consultancy expenses	(47.466)	(33.855)
Office and administration expenses	(45.545)	(36.257)
Depreciation and amortization expenses (Note: 14,15,16)	(43.752)	(31.609)
Communication expenses	(17.671)	(10.332)
Duties, charges and other tax expenses	(7.665)	(5.779)
Bank and notary expenses	(6.256)	(3.376)
Services obtained from third parties	(5.360)	(4.187)
Insurance expenses	(5.124)	(3.754)
Tender preparation expenses	(4.651)	(1.109)
Traveling expenses	(3.533)	(3.000)
Energy and fuel expenses	(2.595)	(2.584)
Maintenance expenses	(2.112)	(3.426)
Hospitality expenses	(1.217)	(730)
Provision for doubtful receivables (Note: 8)	(1.153)	(683)
Sponsorship expenses	(20)	(12.772)
Reversal of doubtful receivable provision (Note: 8)	625	145
Other expenses	(57.483)	(44.992)
	<u>(695.374)</u>	<u>(482.000)</u>
<u>Details of marketing expenses</u>		
Transportation expenses	(170.389)	(180.098)
Services obtained from third parties	(63.010)	(58.305)
Personnel expenses	(38.737)	(30.017)
Custom expenses	(29.734)	(19.359)
Depreciation and amortization expenses (Note: 14,15)	(8.413)	(7.197)
Warehouse expenses	(5.425)	(5.418)
Energy and fuel expenses	(4.198)	(2.744)
Advertisement expenses	(2.302)	(3.987)
Traveling expenses	(1.865)	(1.705)
Maintenance expenses	(1.686)	(1.328)
Consultancy expenses	(1.297)	(355)
Insurance expenses	(1.222)	(1.509)
Duties, charges and other tax expenses	(790)	(697)
Office and administration expenses	(482)	(436)
Hospitality expenses	(406)	(420)
Other expenses	(10.430)	(12.579)
	<u>(340.386)</u>	<u>(326.154)</u>

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in Thousands of Turkish Lira ("TRY") unless otherwise stated.)

#### 26. GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES (cont'd)

	1 January - 31 December 2021	1 January - 31 December 2020
<u>Details of research and development expenses</u>		
Personnel expenses	(17.476)	(12.434)
Subcontractor expenses	(2.780)	-
Depreciation and amortization expenses (Note: 14)	(2.062)	(2.158)
Services obtained from third parties	(1.466)	(2.405)
Consultancy expenses	(1.374)	(836)
Energy and fuel expenses	(622)	(880)
Traveling expenses	(489)	(600)
Office and administration expenses	(364)	(298)
Hospitality expenses	(48)	(156)
Communication expenses	(35)	(53)
Maintenance expenses	(12)	(315)
Other expenses	(1.505)	(2.381)
	<u>(28.233)</u>	<u>(22.516)</u>

#### 27. EXPENSES BY NATURE

	1 January - 31 December 2021	1 January - 31 December 2020
Personnel expenses	(500.609)	(326.151)
Transportation expenses	(170.389)	(180.098)
Services obtained from third parties	(69.836)	(64.897)
Depreciation and amortization expenses (Note: 14,15,16)	(54.227)	(40.964)
Consultancy expenses	(50.137)	(35.046)
Office and administration expenses	(46.391)	(36.991)
Custom expenses	(29.734)	(19.359)
Communication expenses	(17.706)	(10.385)
Duties, charges and other tax expenses	(8.455)	(6.476)
Energy and fuel expenses	(7.415)	(6.208)
Insurance expenses	(6.346)	(5.263)
Bank and notary expenses	(6.256)	(3.376)
Traveling expenses	(5.887)	(5.305)
Warehouse expenses	(5.425)	(5.418)
Tender preparation expenses	(4.651)	(1.109)
Maintenance expenses	(3.810)	(5.069)
Subcontractor expenses	(2.780)	-
Advertisement expenses	(2.302)	(3.987)
Hospitality expenses	(1.671)	(1.306)
Provision for doubtful receivables (Note: 8)	(1.153)	(683)
Sponsorship expenses	(20)	(12.772)
Reversal of doubtful receivable provision (Note: 8)	625	145
Other expenses	(69.418)	(59.952)
	<u>(1.063.993)</u>	<u>(830.670)</u>

**TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES****NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

(Amounts are expressed in Thousands of Turkish Lira ("TRY") unless otherwise stated.)

**28. OTHER OPERATING INCOME AND EXPENSES**

	1 January - 31 December 2021	1 January - 31 December 2020
<b>Other operating income</b>		
Foreign exchange gains	712.319	602.655
Due date difference income	133.184	48.022
Hedging income (Note: 35)	58.994	31.984
Discount income	29.672	19.186
Rent income	8.989	4.901
Refundment income of social benefit	6.482	4.421
Government grants and incentives income (Note: 19)	5.501	4.753
Indemnity income	5.372	5.346
Scrap sale income	3.489	1.128
Reversal of litigation provision (Note: 20)	3.466	1.014
Other income	29.808	37.294
	<u>997.276</u>	<u>760.704</u>
<b>Other operating expenses (-)</b>		
Foreign exchange losses	(1.636.244)	(818.303)
Due date difference expenses	(62.099)	(18.792)
Grants and contributions	(16.386)	(15.536)
Discount expenses	(11.937)	(9.320)
Hedging expenses (Note: 35)	(7.645)	(16.324)
Written off VAT receivables	(6.728)	(1.151)
Litigation provision (Note: 20)	(5.649)	(1.845)
Penalty and damages expenses	(3.165)	(527)
Additional tax expenses	(1.997)	(22)
Other provision expenses	(1.528)	(7)
Damages subject to litigation	(169)	(161)
Other expenses	(18.830)	(21.438)
	<u>(1.772.377)</u>	<u>(903.426)</u>

**TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES****NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

(Amounts are expressed in Thousands of Turkish Lira ("TRY") unless otherwise stated.)

**29. INVESTMENT INCOME AND EXPENSES**

	1 January - 31 December 2021	1 January - 31 December 2020
<b>Investment income</b>		
Gain on remeasurement of financial investments (Note: 6)	279.247	20.303
Gain on sale of joint ventures (Note: 38)	124.594	705
Gain on sale of fixed asset	46.601	5.964
Gain on sale of assets classified as held for sale (Not: 31)	16.278	-
Dividend income	8.787	7.287
Reversal of impairment of assets classified as held for sale (Note: 31)	-	28.239
	<u>475.507</u>	<u>62.498</u>
<b>Investment expense (-)</b>		
Impairment of financial investments (Note: 6)	(54.167)	(26.411)
Impairment of fixed assets (Note: 14)	(15.882)	(29.968)
Impairment of goodwill (Note: 17)	(8.799)	-
Loss on sale of fixed assets	(7.691)	(44)
Impairment of investment property (Note: 13)	-	(1.898)
Other	-	(412)
	<u>(86.539)</u>	<u>(58.733)</u>

**30. FINANCIAL INCOME AND FINANCIAL EXPENSES**

	1 January - 31 December 2021	1 January - 31 December 2020
<b>Financial income</b>		
Foreign exchange gains	2.722.692	728.496
Interest income	141.015	79.451
Currency translation reserve gains	53.759	15.909
Other finance income	835	430
	<u>2.918.301</u>	<u>824.286</u>
<b>Financial expenses (-)</b>		
Foreign exchange losses	(1.325.588)	(464.489)
Swap expense accrual	(167.389)	-
Interest expenses	(159.577)	(116.616)
Currency translation reserve losses	(31.453)	(4.205)
Other finance expenses	(15.997)	(14.279)
	<u>(1.700.004)</u>	<u>(599.589)</u>

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in Thousands of Turkish Lira (“TRY”) unless otherwise stated.)

#### 31. ASSETS CLASSIFIED AS HELD FOR SALE

Assets classified as held for sale consist of Group’s assets which are being actively marketed at a price that is reasonable.

	31 December 2021	31 December 2020
Assets classified as held for sale	49.685	67.523
	<u>49.685</u>	<u>67.523</u>

The movement of assets classified as held for sale is as follows:

	2021	2020
Net book value as at 1 January	67.523	26.316
Currency translation effect	25.236	12.968
Disposals	(43.074)	-
Reversal of impairment (Note: 29)	-	28.239
Net book value as at 31 December	<u>49.685</u>	<u>67.523</u>

Fair values of the Group’s fixed assets classified as held for sale has been determined by an independent valuation firm, which is not a related party of the Group. The valuation work has been concluded based on fair value of similar properties.

One of the assets classified as held for sale in the Group’s assets were sold during the current year. The sales profit amounting to 16.278 is included in the investment income line of consolidated statement of profit or loss for the year ended 31 December 2021.

#### 32. TAX INCOME AND EXPENSES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)

	31 December 2021	31 December 2020
Assets related to current tax		
Prepaid corporate tax	434.363	154.823
	<u>434.363</u>	<u>154.823</u>
Current tax liability		
Corporate tax provision	499.325	137.578
Less: Prepaid taxes and funds	(434.363)	(154.823)
	<u>64.962</u>	<u>(17.245)</u>

*Tax expense in the statement of profit or loss:*

	1 January - 31 December 2021	1 January - 31 December 2020
Tax expense comprises as follows:		
Current tax provision	581.185	241.439
Deferred tax (income) expense	(281.531)	55.433
	<u>299.654</u>	<u>296.872</u>

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in Thousands of Turkish Lira (“TRY”) unless otherwise stated.)

#### 32. TAX INCOME AND EXPENSES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (cont’d)

##### Tax legislation in Turkey:

##### Corporate Tax:

The Group is subject to Turkish corporate taxes. Provision is made in the accompanying consolidated financial statements for the estimated charge based on the Group’s results for the year.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and incentives utilized.

The general rate of tax in 2021 is 25% (2020: 22%). There are also Group companies subject to reduced corporate tax application under Article 32/A of the Corporate Tax Law. In Turkey, advance tax returns are calculated, accrued, and paid on a quarterly basis. The general advance corporate income tax rate in 2021 is 25% (2020: 22%). Losses can be carried forward for offset against future taxable income for up to 5 years. Losses cannot be carried back for offset against profits from previous periods.

The Group can use its fiscal losses occurred in 2021 until 2026.

In Turkey, companies with regular accounting periods file their tax returns between 1-25 April following the close of the accounting year to which they relate. In accordance with the Tax Procedure Law Circular no. 115, published in 2019, the period for filing of tax returns was extended to the last day of April for companies with regular accounting period. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

##### Income/Corporate Withholding Tax:

In addition to corporate tax, profit distributions made by taxpayers to individuals and institutions specified in the Income Tax and Corporate Tax Law are subject to income/corporate tax deductions. In this context, except full responsible real persons and those who earn dividends through a business or permanent representative in Turkey, profit shares distributed to limited taxpayers are subject to 15% income/corporate tax withholding (With the Presidential Decree No. 4936, the aforementioned withholding rate was reduced to 10%, effective as of 22 December 2021.). In accordance with the avoidance of double taxation treaties, withholding rates may be applied lower to some country residents.

##### Taxation of Foreign Subsidiaries and Operations:

Subsidiaries and operations included in consolidation in the accompanying consolidated financial statements are subject to corporate tax and withholding tax effective in the relevant country. Effective tax rates in those countries in which the Group operates are summarized below:

Countries	Corporate Tax Rate %	Withholding Tax Rate %
Azerbaijan	20%	10% - 14%
Kazakhstan	20%-28%	15% - 20%
Germany	30% - 33%	0% - 25%
Saudi Arabia	20%	5% - 20%
Luxembourg	15% - 17%	0% - 15%
Morocco	10% - 31%	10%
United Arab Emirates	0%	0%
Qatar	10%	0% - 5%
Turkmenistan	0% - 20%	15%
Russia	20%	10% - 20%
Iraq	0% - 20%	3,3% - 15%
Romania	16%	5% - 16%

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in Thousands of Turkish Lira ("TRY") unless otherwise stated.)

#### 32. TAX INCOME AND EXPENSES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (cont'd)

##### Exemption of Earnings from Construction, Repair, Installation Works and Technical Services Made Abroad:

In accordance with private judgment related with overseas construction earnings in Corporate Tax Law's Article 5/1-h: "Earnings, which are provided from overseas construction, maintenance, installation or technical services, are transferred to income statement in Turkey" are exempted from corporate tax. According to the judgment, the only requirement is transferring of these earnings to income statement in Turkey. It is not obligatory that the earnings to be brought in Turkey.

##### Reduced Taxation Under the Incentive Certificate:

Various supports can be provided to investors within the framework of Decision on State Aid in Investments numbered 2012/3305 and Communiqué on the Application of the Decision on State Aids in Investments No. 2012/1. The support elements that investors can use within the scope of the decision differ depending on whether the investment is within the scope of regional incentives, priority investment incentives, strategic investment incentives or general incentives. The incentives that can be benefited from are VAT Exemption, Customs Tax Exemption, Income or Corporate Tax Discount, Employer's Share of Social Security Premium Support, Income Tax Withholding Support, Employee's Share of Social Security Premium Support, Interest and Profit Share Support, Investment Location Allocation and VAT Refunds.

In addition to above mentioned incentive practices, there is a project-based incentive system in effect within the framework of Law on the Support of Investments on the Project Basis and the Amendment of Certain Laws and Decrees with Power of Law No. 6745 and the Decision No. 2016/9495 on Providing Project-Based State Aid to Investments. The incentives that can be benefited from this practice are Customs Tax Exemption, VAT Exemption, VAT Refund, Tax Discount or Exemption, Employer's Share of Social Security Premium Support, Income Tax Withholding Support, Qualified Employee Support, Interest and Profit Share Support, Capital Contribution, Energy Support, Public Procurement Guarantee, Investment Location Allocation, Infrastructure Support, Grant Support, and facilitating arrangements can be provided to investors in permits, allocations, licenses, licenses and registrations and other legal and administrative processes brought by law.

The investment contribution amount is calculated over the investment expenditures that can be benefited from Article 32/A of the Corporate Tax Law with an incentive certificate. Declared earnings can be subject to Corporate Tax at a reduced rate until the contribution to the calculated investment is reached. In other words, the investment is supported by the State by not taking the corporate tax from the investors much as the contribution to the investment. Discounted corporate tax can be applied to earnings from other activities during the investment period, provided that the amount of investment spending and the contribution to the investment to be calculated is not exceeding 80% of the total investment contribution amount. With the legal amendment made in 2016, it was made possible to increase the part of the contribution to the total investment within the scope of incentive certificate until the end of the accounting period that the investment is completed in the revaluation rate determined for these years in accordance with the provisions of the Tax Procedure Law.

The following additional advantages for investment expenditures between 1 January 2017 and 31 December 2017 within the scope of US-97 Code: 15-37: investment incentive certificates issued for the manufacturing industry with the Provisional Article 8 added to the Decree No. 2012/3305 on State Aids in Investments have been introduced:

- Within the scope of regional, large-scale, and strategic incentive practices increase of contribution rate by 15 points in all regions
- Increase of corporate tax or income tax rate to 100% in all regions
- Investment contribution ratio is to be applied 100% to the investor's income from other activities in the investment period.

With the amendment made at the end of 2017, the phrase 31 December 2017 stated in the Provisional Article 8 of this Decision has been changed as 31 December 2018 and this advantageous incentive application has been enabled for the 2018 investment expenditures in the scope mentioned above. With the amendment made with the Article 43 of the Law No. 7161 to the Provisional Article 9 of the Corporate Tax Law, it has been authorized to the President to develop increased rates for the investment expenditures within the scope of the investment incentive certificate for the production in 2019. With Presidential Decision No. 798, the phrase 31 December 2018 stated in the Provisional Article 8 of this Decision has been changed as 31 December 2019 and this advantageous incentive application has been enabled for the 2019 investment expenditures in the scope mentioned above.

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in Thousands of Turkish Lira ("TRY") unless otherwise stated.)

#### 32. TAX INCOME AND EXPENSES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (cont'd)

##### Reduced Taxation Under the Incentive Certificate (cont'd):

Additionally, in accordance with Article 43 of Law No.7161 and temporary Article 9 of the Corporate Tax Law and with the addition that entered into force on 18 January 2019, The President has been authorized to extend the end of the period specified in th first paragraph, together or seperately, up to five years as of each calender year following the end of the period, in other words, to extend it until the end of 2024.

With the President's Decree No.1950 published in the Legal Gazette No.30994 dated 30 December 2019, this authorization has been used collectively for 3 years. The above-mentioned advantageous incentive implementation will be valid for the years of 2020, 2021 and 2022 without any action in accordance with the Cabinet Decree numbered 2012/3305 based on previous decisions about investment expenditures to be made within the scope of investment incentive certificates issued for the manufacturing industry (US-97 Code: 15-37).

Concerning the sulfuric acid, phosphoric acid and NPK investments undertaken relating to Samsun Facility, Toros Tarım has obtained Investment Incentive Certificate as of 3 April 2013 in the scheme of "Large Scale Investment" from the Ministry of Economy. The features of this incentive are employer's share of social security premium support, VAT exemption, and customs duty exemption and this incentive provides a tax exemption of 60% in the taxation of the income arising from the investment within the framework of 35% investment contribution ratio. Additionally, Toros Tarım has obtained 5<sup>th</sup> Area Investment Incentive Certificate (investments priority subject) for electricity investment as of 7 July 2014 from Ministry of Economy. The features of this incentive are employer's share of social security premium support, VAT exemption, and customs duty exemption and this incentive provides a tax exemption of 80% in the taxation of the income arising from the investment within the framework of 40% investment contribution ratio. 3<sup>rd</sup> Area Investment Incentive Certificate for Dyke Enclosure and Insulation Drainage System for Tanks investment was obtained as of 25 April 2018 from Ministry of Economy. The features of this incentive are VAT exemption, and customs duty exemption and this incentive provides a tax exemption of 60% in the taxation of the income arising from the investment within the framework of 25% investment contribution ratio. 3<sup>rd</sup> Area Investment Incentive Certificate for Tank for Anti-Caking Material and Automation System for Dosing investment was obtained as of 21 May 2018 from Ministry of Economy. The feature of this incentive is VAT exemption and this incentive provides a tax exemption of 60% in the taxation of the income arising from the investment within the framework of 25% investment contribution ratio. 3<sup>rd</sup> Area Investment Incentive Certificate for Outdoor Silo Investment was obtained as of 31 October 2019 from Ministry of Economy. The features of this incentive are employer's share of social security premium support and VAT exemption and this incentive provides a tax exemption of 30% in the taxation of the income arising from the investment within the framework of 70% investment contribution ratio. 3<sup>rd</sup> Area Investment Incentive Certificate for Ammonia Tank Investment was obtained as of 10 December 2019 from Ministry of Economy. The features of this incentive are employer's share of social security premium support, interest support and VAT exemption and this incentive provides a tax exemption of 30% in the taxation of the income arising from the investment within the framework of 60% investment contribution ratio.

Toros Tarım has obtained 2<sup>nd</sup> Area Investment Incentive Certificate as of 1 June 2015 from Ministry of Economy for its crane investment in Ceyhan. The features of this incentive are employer's share of social security premium support, VAT exemption, and customs duty exemption and this incentive provides a tax exemption of 55% in the taxation of the income arising from the investment within the framework of 20% investment contribution ratio. In addition, that as of 30 November 2020, 2nd Region Investment Incentive Certificate has received from the Ministry of Economy public for its VAP, Forklift and Weight bridge investment. The mentioned incentive includes insurance premium employer's share support, interest support, VAT exemption and customs tax exemption and provides a 70% tax exemption for the taxation of the income earned from the investment within the framework of 30% investment contribution rate.



## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in Thousands of Turkish Lira (“TRY”) unless otherwise stated.)

#### 32. TAX INCOME AND EXPENSES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (cont’d)

##### Reduced Taxation Under the Incentive Certificate (cont’d):

Toros Tarım has obtained 3<sup>rd</sup> Area Investment Incentive Certificate as of 24 December 2015 from Ministry of Economy for its prilling tower chimney gas washing investment in Mersin. The features of this incentive are employer’s share of social security premium support, VAT exemption, and customs duty exemption and this incentive provides a tax exemption of 60% in the taxation of the income arising from the investment within the framework of 25% investment contribution ratio. 4<sup>th</sup> Area Investment Incentive Certificate for Special Fertilizer Plant investment was obtained as of 8 May 2018 from Ministry of Economy. The feature of this incentive is VAT exemption and this incentive provides a tax exemption of 70% in the taxation of the income arising from the investment within the framework of 30% investment contribution ratio. 5<sup>th</sup> Area Investment Incentive Certificate for R&D center investment was obtained as of 22 June 2018 from Ministry of Economy. The features of this incentive are employer’s share of social security premium support and VAT exemption and this incentive provides a tax exemption of 80% in the taxation of the income arising from the investment within the framework of 40% investment contribution ratio. As of September 24, 2022, the 3<sup>rd</sup> Region Investment Incentive Certificate has been obtained from the Ministry of Economy for the Western pier extension and crane investment at the Ceyhan Plant. Projected incentive includes employer's share of insurance premium support, VAT exemption and customs duty exemption, and provides 60% tax exemption for taxation of income from investment within the framework of 25% investment contribution rate. As of October 23, 2021, the 3<sup>rd</sup> Region Investment Incentive Certificate was obtained from the Ministry of Economy for the fire system investment in Mersin Plant. Projected incentive includes employer's share of insurance premium support, VAT exemption and customs duty exemption, and provides 70% tax exemption in taxation of income from investment within the framework of 30% investment contribution rate.

In the scope of incentive, deferred tax asset has been created arising from timing differences in the amount of 287.983 on the basis of two years over Toros Tarım’s profit projections. (2020: 74.148).

##### Deferred Tax:

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for TFRS purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for TFRS and tax purposes and shown below. Tax rate used in calculating deferred tax assets and liabilities is the effective tax rate in the relevant countries where the Group undertakes its operations.

Tax rate used in the calculation of deferred tax assets and liabilities was 23% over temporary timing differences expected to be reversed in 2022 and %20 for the following years.

Since the entities in Turkey are not allowed to declare consolidated tax returns, subsidiaries titled to deferred assets may not be netted off with their subsidiaries titled to deferred tax liabilities; hence are required to declare separately.

**TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES****NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

(Amounts are expressed in Thousands of Turkish Lira ("TRY") unless otherwise stated.)

**32. TAX INCOME AND EXPENSES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (cont'd)****Deferred Tax (cont'd):**

	31 December 2021	31 December 2020
<b>Components of deferred tax (assets) liabilities bases:</b>		
Remeasurement and depreciation / amortization		
differences of tangible and intangible assets	(420.619)	154.523
Provision for retirement benefits and vacation liability	(147.675)	(57.120)
Investment incentive undertaken	(1.303.289)	(370.742)
Impairment provision for inventory	(11.970)	-
Contract costs and progress billings (net)	47.388	(158.656)
Undistributed profits of joint operations	(15.430)	(11.929)
Lease liabilities	(4.481)	(3.592)
Provision for doubtful receivables	(2.754)	(8.158)
Effect of valuation	154.707	136.967
Effect of income accruals	150	1.015
Tax losses carried forward	(117.207)	(27.933)
Provision for litigation	(37.240)	(8.612)
Fair value differences of financial assets	173.920	231.700
Provision for premium payments	(46.810)	(26.304)
Derivative instruments	249.886	9.046
Other	245.505	(27.674)
Deferred tax liabilities / (assets)	<u>(1.235.919)</u>	<u>(167.469)</u>
	31 December 2021	31 December 2020
<b>Components of deferred tax (assets) liabilities:</b>		
Remeasurement and depreciation / amortization		
differences of tangible and intangible assets	(91.347)	25.020
Provision for retirement benefits and vacation liability	(31.399)	(11.493)
Investment incentive undertaken	(287.983)	(74.148)
Impairment provision for inventory	(6.067)	-
Contract costs and progress billings (net)	52.032	2.174
Undistributed profits of joint operations	(3.192)	(2.386)
Lease liabilities	(947)	(721)
Provision for doubtful receivables	(943)	(3.159)
Effect of valuation	50.195	38.819
Effect of income accruals	30	203
Tax losses carried forward	(22.137)	(5.588)
Provision for litigation	(8.558)	(1.721)
Fair value differences of financial assets	8.692	11.085
Provision for premium payments	(10.699)	(5.451)
Derivative instruments	57.474	1.808
Other	55.340	15.519
Deferred tax liabilities / (assets)	<u>(239.509)</u>	<u>(10.039)</u>
Deferred tax assets	(436.525)	(111.413)
Deferred tax liabilities	197.016	101.374
	<u>(239.509)</u>	<u>(10.039)</u>

Translated into English from the report originally issued in Turkish.

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in Thousands of Turkish Lira ("TRY") unless otherwise stated.)

#### 32. TAX INCOME AND EXPENSES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (cont'd)

##### Deferred Tax (cont'd):

Movement of deferred tax assets and liabilities for the year ended 31 December 2021 is as follows:

<u>Movement of deferred tax liabilities (assets)</u>	<u>2021</u>	<u>2020</u>
Opening balance as at 1 January	(10.039)	(79.764)
Deferred tax (income) expense	(281.531)	55.433
Effect of changes in fair value of financial assets	(4.108)	8.391
Effect of actuarial gain (loss) in comprehensive income	553	(517)
Hedge effect	55.654	8.348
Currency translation effect	(38)	(1.930)
Closing balance as at 31 December	<u>(239.509)</u>	<u>(10.039)</u>

Reconciliation of tax expense for the year with the profit for the year:

	<u>1 January - 31 December 2021</u>	<u>1 January - 31 December 2020</u>
<u>Reconciliation of taxation:</u>		
Profit before tax	1.129.044	229.474
Expected taxation (*)	843.464	400.062
<u>Reconciliation of expected tax to actual tax:</u>		
- Undeductable expenses	5.300	2.887
- Dividend and other non-taxable income	(91.422)	(165.337)
- Recognition of previously unrecognized tax losses	(9.306)	(1.928)
- Derecognition of previously recognized deductible temporary differences	-	26.643
- Effects of unrealizable tax (losses) income (net)	20.798	55.235
- Tax adjustments for the previous year	67.968	25.590
- Investment incentive undertaken	(475.033)	(53.038)
- Effects of joint ventures	(15)	7.804
- Tax accrual for foreign subsidiaries	24.075	-
- Effects of valuation on fixed assets	(75.159)	-
- Effect of change in tax rates and consolidation adjustments	(2.565)	3.407
- Other	(8.451)	(4.453)
Income tax expense recognized in statement of profit or loss	<u>299.654</u>	<u>296.872</u>

(\*) Different rates are applied for different countries where the foreign companies are located.

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in Thousands of Turkish Lira ("TRY") unless otherwise stated.)

#### 33. EARNINGS PER SHARE

Calculation of earnings per share for the current year is made in accordance with TAS 33 considering the effects of shares and bonus shares issued.

As of 31 December 2021, and 2020, the Group's weighted average number of shares and computation of earnings per share (which corresponds to per share amounting to 1 TRY) set out here are as follows:

	1 January - 31 December 2021	1 January - 31 December 2020
Average number of ordinary shares outstanding during the period (in full)	370.000.000	370.000.000
Net profit (loss) for the period attributable to owners of the Parent (Thousands TRY)	839.228	(60.125)
Earnings (loss) per share from operations (TRY)	2,268	(0,163)

#### 34. RELATED PARTY TRANSACTIONS

The Group has various transactions with related parties during its operations. Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated in consolidation and are not disclosed in this note.

Receivables and payables balances are unsecured and will be settled in cash. No bad debt provision is made for receivables from related parties in the current year.

Transactions with related parties are distinct and measurable.

	31 December 2021		31 December 2020	
	Receivables	Payables	Receivables	Payables
Balances with related parties	Short-term	Short-term	Short-term	Short-term
<b>Trade</b>				
Azfen <sup>(1)</sup>	42.333	-	96.711	-
Tekzen	1.625	524	1.521	480
H-T Fidecilik <sup>(1)</sup>	267	46	110	25
Agromak	18	4	19	-
Üçgen Bakım	207	-	177	-
Turquoise Construction <sup>(2)</sup>	-	-	-	11.007
Other	56	103	163	238
Shareholders and key management	592	270	293	190
Joint operations <sup>(3)</sup>	5.364	9.227	7.721	895
	<u>50.462</u>	<u>10.174</u>	<u>106.715</u>	<u>12.835</u>
<b>Other</b>				
Akmerkez Gayrimenkul <sup>(4)</sup>	-	-	1.834	-
Üçgen Bakım <sup>(4)</sup>	-	-	91	-
Dividend payable	-	-	-	39.670
Other	-	-	-	472
	<u>-</u>	<u>-</u>	<u>1.925</u>	<u>40.142</u>
	<u>50.462</u>	<u>10.174</u>	<u>108.640</u>	<u>52.977</u>

<sup>(1)</sup> Includes the balances of goods and services purchases resulting from the commercial activities of the Group with the partnerships disclosed in Note 12.

<sup>(2)</sup> Includes balances of subcontracting services received by the Group in various projects.

<sup>(3)</sup> Includes the balances from the Group's joint arrangement participants in various contracting works.

<sup>(4)</sup> Consists of dividend receivables.

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in Thousands of Turkish Lira (“TRY”) unless otherwise stated.)

#### 34. RELATED PARTY TRANSACTIONS (cont'd)

Transactions with related parties	1 January - 31 December 2021				
	Purchases	Sales	Dividend income	Rent income	Other income (expense), net
Azfen	-	256.514	41.675	-	-
Agromak	-	206	-	-	-
H-T Fidecilik	-	286	-	-	-
Akmerkez Lokantacılık	2	-	-	-	-
Tekzen	-	1.536	-	-	-
Üçgen Bakım	-	228	80	55	(165)
Akmerkez Gayrimenkul	-	-	8.583	-	(95)
Galipoli Gıda	313	107	-	-	-
Tekfen Vakfı	-	22	-	4	(168)
Other	-	234	124	-	-
<i>Shareholders and key management</i>	14	674	-	-	(3)
<i>Joint operations</i>	-	1.050	-	-	-
	<b>329</b>	<b>260.857</b>	<b>50.462</b>	<b>59</b>	<b>(431)</b>
Transactions with related parties	1 January - 31 December 2020				
	Purchases	Sales	Dividend income	Rent income	Other income (expense), net
Azfen	-	43.974	48.422	-	-
Agromak	-	268	-	-	-
H-T Fidecilik	-	236	443	-	10
Akmerkez Lokantacılık	-	-	-	-	(3)
Tekzen	7	1.389	-	-	-
Üçgen Bakım	32	189	120	-	(223)
Akmerkez Gayrimenkul	-	-	7.060	-	(374)
Tekfen Vakfı	-	51	-	3	(217)
Turquoise Construction	9.768	-	-	-	-
Other	219	247	107	-	86
<i>Shareholders and key management</i>	-	565	-	3	(16)
<i>Joint operations</i>	-	596	-	-	-
	<b>10.401</b>	<b>47.517</b>	<b>56.152</b>	<b>6</b>	<b>(745)</b>

Translated into English from the report originally issued in Turkish.

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in Thousands of Turkish Lira (“TRY”) unless otherwise stated.)

#### 34. RELATED PARTY TRANSACTIONS (cont’d)

Compensation of key management personnel:

The remuneration of key management during the year is as follows:

	31 December 2021	31 December 2020
Salaries and other short-term benefits	30.003	24.528
	<u>30.003</u>	<u>24.528</u>

#### 35. DERIVATIVE INSTRUMENTS

	31 December 2021		31 December 2020	
	Assets	Liabilities	Assets	Liabilities
Forward foreign exchange contracts	249.886	-	9.046	-
Foreign exchange swap	-	198.465	-	-
Current	249.886	198.465	9.046	-
Non-current	-	-	-	-
	<u>249.886</u>	<u>198.465</u>	<u>9.046</u>	<u>-</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.

At the end of the reporting period, the total notional amount of outstanding forward foreign exchange contracts to which Toros Tarım is committed are as follows:

	31 December 2021	31 December 2020
Forward foreign exchange contracts	861.756	178.022
	<u>861.756</u>	<u>178.022</u>

As of 31 December 2021, the fair value of Toros Tarım’s foreign currency derivatives is estimated to be positive 249.886, of which 249.886 are assets. (31 December 2020: assets 9.046, positive 9.046). 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 2020: 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 192.376 has been deferred in equity (31 December 2020: positive 7.236). During the period, there is not any ineffective cash flow hedges (31 December 2020: There is not any ineffective cash flow hedges). Gains amounting to 58.994 and losses amounting to 7.645 concerning matured derivative contracts during the period have been recognized in profit or loss (31 December 2020: 31.984 gain, 16.324 loss).

Swap transactions:

Tekfen İnşaat performs currency swap transactions to hedge significant future transactions and cash flows from financial risk. Tekfen İnşaat has made cross currency swap agreements that fixed the parity between USD and TRY, for payments in USD 48.000.000 to be made until 3 November 2022. As of 31 December 2021, the fair value of the Tekfen Construction’s swap transactions is estimated to be 198.465 liabilities which is negative 198.465 (31 December 2020: None). The fair value hierarchy classification of swap transactions is Level 2 (31 December 2020: None). As of 31 December 2021, in the amount of 167.389 expense accrual related to swap transactions have been recognized in profit or loss. (31 December 2020: None).

Translated into English from the report originally issued in Turkish.

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in Thousands of Turkish Lira ("TRY") unless otherwise stated.)

#### 36. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

##### a) Capital Risk Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of financial debts as explained in Note 7 and equity items comprising paid in capital, premiums in capital stock, restricted profit reserves and retained earnings.

Within the framework of risk management activities, Group defines the undertaken risks, estimates the loss amounts caused by these risks and defines the capital base amount related to these loss amounts. Thus, Group aims to minimize its capital risk.

After the capital base is defined, the steadily management of funding structure is aimed by obtaining new debts, repayment of existing debts, and dividend payments.

Net cash position as of 31 December 2021 and 2020 are as follows:

	31 December 2021	31 December 2020
Cash and cash equivalents	5.065.371	3.259.903
Time deposits with maturity of longer than three months	-	82.118
Eurobonds	51.845	-
Less: Borrowings	(3.439.170)	(2.295.061)
<b>Net Cash Position (*)</b>	<b>1.678.046</b>	<b>1.046.960</b>

(\*) Lease obligations recognized in borrowings in accordance with TFRS 16 and expected credit losses recognized in cash and cash equivalents in accordance with TFRS 9 are not included in net cash position calculation.

##### b) Financial Risk Factors

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

Management provides services to the business, coordinates access to domestic and international markets, monitors, and manages the financial risks relating to the operations of the Group through internal risk reports, which analyses exposures by degree and magnitude of risk. These risks include market risk (including currency risk, fair value interest rate risk, and price risk) credit risk, liquidity risk, and cash flow interest rate risk.

The Group does not obtain any kind of financial instruments, including those of which derivative financial instruments for speculative purposes and is not associated with the trading of these financial instruments.

# TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in Thousands of Turkish Lira (“TRY”) unless otherwise stated.)

### 36. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont’d)

#### b) Financial Risk Factors (cont’d)

##### b.1) Credit risk management

Credit risk exposure based on financial instrument categories	Receivables				Bank Deposit	Financial Investments	Derivative Instruments
	Trade Receivables		Other Receivables				
	Related Party	Third Party	Related Party	Third Party			
<b>31 December 2021</b>							
Minimum credit risk exposure at balance sheet date (*)	50.462	2.948.495	-	115.684	4.550.050	51.845	249.886
- Secured portion of minimum credit risk via guarantee or etc. (**)	-	224.652	-	-	-	-	-
A. Net book value of not due or not impaired financial assets	32.853	2.136.144	-	115.684	4.550.050	51.845	249.886
B. Net book value of assets that are due but not impaired	17.609	812.351	-	-	-	-	-
- Secured portion via guarantee or etc.	-	-	-	-	-	-	-
C. Net book value of impaired assets	-	-	-	-	-	-	-
- Over due (gross book value)	-	157.331	-	571	-	-	-
- Impairment (-)	-	(157.331)	-	(571)	-	-	-
- Secured net value via guarantee or etc.	-	-	-	-	-	-	-
- Not due (gross book value)	-	39	-	-	1.263	-	-
- Impairment (-)	-	(39)	-	-	(1.263)	-	-
- Secured net value via guarantee or etc.	-	-	-	-	-	-	-
<b>31 December 2020</b>							
Minimum credit risk exposure at balance sheet date (*)	106.715	2.225.543	1.925	92.700	3.079.703	82.118	9.046
- Secured portion of minimum credit risk via guarantee or etc. (**)	-	107.097	-	-	-	-	-
A. Net book value of not due or not impaired financial assets	96.811	1.648.978	1.925	92.700	3.079.703	82.118	9.046
B. Net book value of assets that are due but not impaired	9.904	576.565	-	-	-	-	-
- Secured portion via guarantee or etc.	-	-	-	-	-	-	-
C. Net book value of impaired assets	-	-	-	-	-	-	-
- Over due (gross book value)	-	101.258	-	571	-	-	-
- Impairment (-)	-	(101.258)	-	(571)	-	-	-
- Secured net value via guarantee or etc.	-	-	-	-	-	-	-
- Not due (gross book value)	-	33	-	-	787	-	-
- Impairment (-)	-	(33)	-	-	(787)	-	-
- Secured net value via guarantee or etc.	-	-	-	-	-	-	-

(\*) In determining the amounts, elements providing increase in loan credibility such as warrants received are not considered.

(\*\*) Warrants consist of collateral bills, letters of guarantees and mortgages.



## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in Thousands of Turkish Lira (“TRY”) unless otherwise stated.)

#### 36. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont’d)

##### b) Financial Risk Factors (cont’d)

##### b.1) Credit risk management (cont’d)

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group’s exposure and the credit ratings of its counterparties are continuously monitored. Credit exposure is controlled by counterparty limits that are reviewed and approved by the board of directors of the Group companies the risk management committee annually.

Trade receivables consist of many customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivables.

	Trade Receivables	Other Receivables	Total
<b>31 December 2021</b>			
Not due receivables	2.169.036	115.684	2.284.720
Overdue by 1-30 days	7.794	-	7.794
Overdue by 1-3 months	5.274	-	5.274
Overdue by 3-12 months	39.108	-	39.108
Overdue 1-5 years	200.771	-	200.771
Overdue by more than 5 years	734.344	571	734.915
Total receivables	<u>3.156.327</u>	<u>116.255</u>	<u>3.272.582</u>
Total overdue receivables	987.291	571	987.862
Secured portion via guarantee or etc.	-	-	-
Total provision provided for overdue receivables	(157.331)	(571)	(157.902)
Total provision provided for undue receivables	(39)	-	(39)
Secured portion of all impaired receivables via guarantee or etc.	-	-	-
<b>31 December 2020</b>			
Not due receivables	1.745.822	94.625	1.840.447
Overdue by 1-30 days	36.474	-	36.474
Overdue by 1-3 months	6.953	-	6.953
Overdue by 3-12 months	49.980	-	49.980
Overdue 1-5 years	576.236	-	576.236
Overdue by more than 5 years	18.084	571	18.655
Total receivables	<u>2.433.549</u>	<u>95.196</u>	<u>2.528.745</u>
Total overdue receivables	687.727	571	688.298
Secured portion via guarantee or etc.	-	-	-
Total provision provided for overdue receivables	(101.258)	(571)	(101.829)
Total provision provided for undue receivables	(33)	-	(33)
Secured portion of all impaired receivables via guarantee or etc.	-	-	-

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in Thousands of Turkish Lira ("TRY") unless otherwise stated.)

#### 36. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

##### b) Financial Risk Factors (cont'd)

###### b.1) Credit risk management (cont'd)

As at balance sheet date, there are no collaterals held for the past due trade receivables which are not impaired (2020: None). There are no collaterals held for the past due trade receivables which are impaired (2020: None).

###### b.2) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following tables detail the Group's remaining contractual maturity for its derivative financial instruments and its non-derivative financial liabilities. The tables below have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. The liquidity analysis for its derivative financial instruments has been drawn up based on the undiscounted net cash inflows/ (outflows) on the derivative instrument that settle on a net basis and the undiscounted gross inflows and (outflows) on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the reporting date.

##### Liquidity risk table:

31 December 2021

Due date on agreement	Carrying Value	Cash outflows according to agreements (I+II+III+IV)	Less than 3 months (I)	Between 3-12 months (II)	Between 1-5 years (III)	More than 5 years (IV)
<b>Financial liabilities</b>						
Bank loans	3.435.332	3.558.001	269.553	2.971.901	286.791	29.756
Lease liabilities	66.221	124.828	13.292	27.688	26.656	57.192
Trade payables (due to related parties included)	7.050.673	7.093.828	4.524.079	2.351.674	218.075	-
Employee benefit payables	126.891	126.891	126.891	-	-	-
Other payables (due to related parties included)	203.567	203.567	113.532	3.730	80.488	5.817
<b>Total liabilities</b>	<b>10.882.684</b>	<b>11.107.115</b>	<b>5.047.347</b>	<b>5.354.993</b>	<b>612.010</b>	<b>92.765</b>

Due date on agreement	Carrying Value	Cash outflows according to agreements (I+II+III+IV)	Less than 3 months (I)	Between 3-12 months (II)	Between 1-5 years (III)	More than 5 years (IV)
<b>Derivative instruments</b>						
Cash inflows	(51.421)	(1.505.982)	(480.680)	(1.025.302)	-	-
Cash outflows	-	1.495.694	33.478	1.462.216	-	-

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in Thousands of Turkish Lira ("TRY") unless otherwise stated.)

#### 36. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

##### b) Financial Risk Factors (cont'd)

##### b.2) Liquidity risk management (cont'd)

31 December 2020						
<u>Due date on agreement</u>	<u>Carrying Value</u>	<u>Cash outflows according to agreements (I+II+III+IV)</u>	<u>Less than 3 months (I)</u>	<u>Between 3-12 months (II)</u>	<u>Between 1-5 years (III)</u>	<u>More than 5 years (IV)</u>
Financial liabilities						
Bank loans	2.294.499	2.381.748	195.960	1.943.441	188.300	54.047
Lease liabilities	63.775	135.250	10.321	32.479	32.759	59.691
Trade payables (due to related parties included)	3.485.315	3.498.039	2.017.025	1.413.786	67.228	-
Employee benefit payables	64.602	64.602	64.602	-	-	-
Other payables (due to related parties included)	187.160	187.160	99.230	18.503	66.496	2.931
<b>Total liabilities</b>	<b>6.095.351</b>	<b>6.266.799</b>	<b>2.387.138</b>	<b>3.408.209</b>	<b>354.783</b>	<b>116.669</b>

<u>Due date on agreement</u>	<u>Carrying Value</u>	<u>Cash outflows according to agreements (I+II+III+IV)</u>	<u>Less than 3 months (I)</u>	<u>Between 3-12 months (II)</u>	<u>Between 1-5 years (III)</u>	<u>More than 5 years (IV)</u>
Derivative instruments						
Cash inflows	(9.046)	(184.606)	(184.606)	-	-	-
Cash outflows	-	178.022	178.022	-	-	-

##### b.3) Market risk management

The Group's activities expose it primarily to the financial risks of changes in foreign exchange rates (refer to section b.3.1) and interest rates (refer to section b.3.2).

There has been no change to the Group's exposure to market risks or the manner which it manages and measures the risks.

##### b.3.1) Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise.

The details of the Group's foreign currency denominated monetary and non-monetary assets and liabilities as of balance sheet date are shown below:

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in Thousands of Turkish Lira (“TRY”) unless otherwise stated.)

#### 36. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont’d)

##### b) Financial Risk Factors (cont’d)

##### b.3) Market risk management (cont’d)

##### b.3.1) Foreign currency risk management (cont’d)

31 December 2021	Equivalent of Thousands of TRY	Thousands of USD	Thousands of EUR	Thousands of GBP	Other (Equivalent of Thousands of TRY)
1. Trade Receivables	611.992	11.665	2.235	4	427.725
2. Monetary Financial Assets	3.808.857	282.188	5.527	10	65.439
3. Other	89.788	231	767	-	75.529
4. CURRENT ASSETS	4.510.637	294.084	8.529	14	568.693
5. Trade Receivables	76.215	-	539	-	68.301
6. Monetary Financial Assets	6.664	-	-	-	6.664
7. Other	37.881	274	2.337	-	13
8. NON-CURRENT ASSETS	120.760	274	2.876	-	74.978
9. TOTAL ASSETS	4.631.397	294.358	11.405	14	643.671
10. Trade Payables	3.727.057	221.187	8.639	52	728.855
11. Financial Liabilities	481.289	-	1.853	-	454.083
12. Monetary Other Liabilities	635.402	323	29.047	-	204.733
12b. Non-Monetary Other Liabilities	6.535	447	50	-	-
13. CURRENT LIABILITIES	4.850.283	221.957	39.589	52	1.387.671
14. Trade Payables	41.525	84	6	-	40.347
15. Financial Liabilities	295.922	-	20.155	-	-
16. Monetary Other Liabilities	58.777	460	70	-	51.780
17. NON-CURRENT LIABILITIES	396.224	544	20.231	-	92.127
18. TOTAL LIABILITIES	5.246.507	222.501	59.820	52	1.479.798
19. Off-balance sheet derivative instruments net position (19a-19b)	1.070.514	82.490	-	-	-
19a. Derivative assets	1.070.514	82.490	-	-	-
19b. Derivative liabilities	-	-	-	-	-
20. Net foreign currency assets / liabilities position	455.404	154.347	(48.415)	(38)	(836.127)
21. Monetary items net foreign currency assets / liabilities position (1+2+5+6-10-11-12-14-15-16)	(736.244)	71.799	(51.469)	(38)	(911.669)
22. Fair value of derivative instruments held for hedging	249.886	19.255	-	-	-

Translated into English from the report originally issued in Turkish.

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in Thousands of Turkish Lira (“TRY”) unless otherwise stated.)

#### 36. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont’d)

##### b) Financial Risk Factors (cont’d)

##### b.3) Market risk management (cont’d)

##### b.3.1) Foreign currency risk management (cont’d)

31 December 2020	Equivalent of Thousands of TRY	Thousands of USD	Thousands of EUR	Thousands of GBP	Other (Equivalent of Thousands of TRY)
1. Trade Receivables	275.194	15.872	2.316	8	137.744
2. Monetary Financial Assets	1.885.130	227.816	11.619	11	108.074
3. Other	32.549	1.215	712	17	17.048
4. CURRENT ASSETS	2.192.873	244.903	14.647	36	262.866
5. Trade Receivables	109.829	-	-	-	109.829
6. Monetary Financial Assets	1.094	-	-	-	1.094
7. Other	11.699	876	580	-	44
8. NON-CURRENT ASSETS	122.622	876	580	-	110.967
9. TOTAL ASSETS	2.315.495	245.779	15.227	36	373.833
10. Trade Payables	1.333.828	139.718	15.751	64	165.708
11. Financial Liabilities	158.814	2	9.114	-	76.701
12. Monetary Other Liabilities	100.563	488	4.661	-	54.995
12b. Non-Monetary Other Liabilities	3.895	468	51	-	-
13. CURRENT LIABILITIES	1.597.100	140.676	29.577	64	297.404
14. Trade Payables	11.873	416	6	-	8.765
15. Financial Liabilities	180.158	-	20.000	-	-
16. Monetary Other Liabilities	38.294	506	74	-	33.913
17. NON-CURRENT LIABILITIES	230.325	922	20.080	-	42.678
18. TOTAL LIABILITIES	1.827.425	141.598	49.657	64	340.082
19. Off-balance sheet derivative instruments net position (19a-19b)	184.606	25.149	-	-	-
19a. Derivative assets	184.606	25.149	-	-	-
19b. Derivative liabilities	-	-	-	-	-
20. Net foreign currency assets / liabilities position	672.676	129.330	(34.430)	(28)	33.751
21. Monetary items net foreign currency assets / liabilities position (1+2+5+6-10-11-12-14-15-16)	447.717	102.558	(35.671)	(45)	16.659
22. Fair value of derivative instruments held for hedging	9.046	1.232	-	-	-

Translated into English from the report originally issued in Turkish.

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in Thousands of Turkish Lira ("TRY") unless otherwise stated.)

#### 36. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

##### b) Financial Risk Factors (cont'd)

##### b.3) Market risk management (cont'd)

##### b.3.1) Foreign currency risk management (cont'd)

##### Foreign currency sensitivity

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollars and Euro.

The following table details the Group's sensitivity to a 5% increase and decrease in the US Dollars and Euro. 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 period end for a 5% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number indicates an increase in profit or loss.

	31 December 2021	
	Profit / Loss	
	Appreciation of foreign currencies	Depreciation of foreign currencies
	If US Dollars changes 5% against TL	
US Dollars net assets / liabilities	100.152	(100.152)
	If Euro changes 5% against TL	
Euro net assets / liabilities	(35.542)	35.542
	If other foreign currencies changes 5% against TL	
Other foreign currency net assets / liabilities	(41.840)	41.840
TOTAL	22.770	(22.770)
	31 December 2020	
	Profit / Loss	
	Appreciation of foreign currencies	Depreciation of foreign currencies
	If US Dollars change 5% against TL	
US Dollars net assets / liabilities	47.467	(47.467)
	If Euro changes 5% against TL	
Euro net assets / liabilities	(15.507)	15.507
	If other foreign currencies change 5% against TL	
Other foreign currency net assets / liabilities	1.674	(1.674)
TOTAL	33.634	(33.634)

##### Forward foreign exchange contracts

The Group enters forward foreign exchange contracts to manage the risk associated with anticipated sales and purchase transactions the exposure generated. The following table details the forward foreign currency contracts outstanding as at reporting date:

Outstanding contracts	Average rate		Foreign currency		Contract value		Fair value	
	2021	2020	2021	2020	2021	2020	2021	2020
<i>Buy USD (Thousand USD / Thousand TRY)</i>								
Less than 3 months	9,61	7,08	3.484	25.149	33.478	178.022	12.485	9.046
3 to 12 months	10	-	79.006	-	828.278	-	237.401	-
							249.886	9.046

As of 31 December 2021, 196.372 of unrealized profit arising from changes in fair values of forward foreign exchange contracts is classified as hedging reserve under shareholders' equity (2020: Unrealized gain 7.236).

Translated into English from the report originally issued in Turkish.

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in Thousands of Turkish Lira ("TRY") unless otherwise stated.)

#### 36. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (cont'd)

##### b) Financial Risk Factors (cont'd)

##### b.3) Market risk management (cont'd)

##### b.3.1) Foreign currency risk management (cont'd)

##### Cross currency swap agreements

The Group makes cross currency swap agreements to mitigate risks arising from payments and collections in certain foreign currencies. The table below includes the details of cross rate swap contracts that have not been executed as of the balance sheet date. (31 December 2020: None):

<u>31 December 2021</u>	<u>Nominal Amount</u>	<u>Date of Acquisition</u>	<u>Date of Realization</u>	<u>Fair Value</u>
Swap 1	25.613	20/08/2021	19/08/2022	12.882
Swap 2	167.800	27/08/2021	26/08/2022	89.697
Swap 3	193.600	03/11/2021	03/11/2022	76.711
Swap 4	48.455	03/11/2021	03/11/2022	19.175
	<u>435.468</u>			<u>198.465</u>

##### b.3.2) Interest rate risk management

##### Interest rate sensitivity

Detail of the Group's financial instruments exposed to interest rate sensitivity is as follows:

	<u>31 December 2021</u>	<u>31 December 2020</u>
Financial liabilities - Fixed Interest Rate Instruments	3.174.404	2.114.472
Financial liabilities - Floating Interest Rate Instruments	327.149	243.802

On 31 December 2021 if the interest rates had been 50 basis points higher/lower and all other variables held constant, profit before tax, and non-controlling interest would decrease/increase by 1.636 (31 December 2020: 1.291).

##### b.3.3) Other price risks

##### Equity pricing sensitivity

The sensitivity analyses below have been determined based on the exposure to price risks for listed stocks.

At reporting date, if variables used in valuation methods had been 10% higher/lower and all other variables held constant:

- There will be an increase/decrease of 16.231 (31 December 2020: 24.249 increase/decrease) in gain on revaluation and reclassification. This is mainly caused because of changes in fair values of fair value through other comprehensive income listed stocks.
- There will be an increase/decrease of 5.383 (31 December 2020: None). This is mainly caused because of changes in fair values of fair value through profit or loss.

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in Thousands of Turkish Lira (“TRY”) unless otherwise stated.)

#### 37. FINANCIAL INSTRUMENTS

	Financial assets at amortized cost	Financial investments measured at fair value	Financial liabilities at amortized cost	Fair value of derivative instruments	Carrying value (*)	Note
<b>31 December 2021</b>						
<b>Financial assets</b>						
Cash and cash equivalents	5.064.108	-	-	-	5.064.108	5
Trade receivables (due from related parties included)	2.998.957	-	-	-	2.998.957	8, 36
Financial investments	51.845	1.866.285	-	-	1.918.130	6
Other current and non-current assets (due from related parties included)	115.684	-	-	-	115.684	9, 36
Derivative instruments	-	-	-	249.886	249.886	35
<b>Financial liabilities</b>						
Borrowings	-	-	3.501.553	-	3.501.553	7, 36
Trade payables (due to related parties included)	-	-	7.050.673	-	7.050.673	8, 36
Employee benefit payables	-	-	126.891	-	126.891	22, 36
Other short and long-term liabilities	-	-	203.567	-	203.567	9, 36
Derivative instruments	-	-	-	198.465	198.465	35
<b>31 December 2020</b>						
<b>Financial assets</b>						
Cash and cash equivalents	3.259.116	-	-	-	3.259.116	5
Trade receivables (due from related parties included)	2.332.258	-	-	-	2.332.258	8, 36
Financial investments	82.118	1.414.920	-	-	1.497.038	6
Other current and non-current assets (due from related parties included)	94.625	-	-	-	94.625	9, 36
Derivative instruments	-	-	-	9.046	9.046	35
<b>Financial liabilities</b>						
Borrowings	-	-	2.358.274	-	2.358.274	7, 36
Trade payables (due to related parties included)	-	-	3.485.315	-	3.485.315	8, 36
Employee benefit payables	-	-	64.602	-	64.602	22, 36
Other short and long-term liabilities	-	-	187.160	-	187.160	9, 36
Derivative instruments	-	-	-	-	-	35

(\*) The Group believes that the carrying values of its financial instruments reflect their fair values.

Translated into English from the report originally issued in Turkish.



## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in Thousands of Turkish Lira (“TRY”) unless otherwise stated.)

#### 37. FINANCIAL INSTRUMENTS (cont’d)

##### Fair Value of 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.

The fair values of financial assets are as follows:

	31 December 2021	Fair value level as of reporting date		
		Level 1	Level 2	Level 3
<u>Financial assets</u>				
Fair value through other comprehensive income financial investments	1.074.099	170.857	-	903.242
Fair value through profit or loss financial investments	792.186	78.885	-	713.301
Derivative instruments	249.886	-	249.886	-
<b>Total</b>	<b>2.116.171</b>	<b>249.742</b>	<b>249.886</b>	<b>1.616.543</b>

##### Financial liabilities

Derivative instruments	198.465	-	198.465	-
<b>Total</b>	<b>198.465</b>	<b>-</b>	<b>198.465</b>	<b>-</b>

	31 December 2020	Fair value level as of reporting date		
		Level 1	Level 2	Level 3
<u>Financial assets</u>				
Fair value through other comprehensive income financial investments	1.165.172	255.256	-	909.916
Fair value through profit or loss financial investments	249.748	-	-	249.748
Derivative instruments	9.046	-	9.046	-
<b>Total</b>	<b>1.423.966</b>	<b>255.256</b>	<b>9.046</b>	<b>1.159.664</b>

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 2021	-	249.748	255.256	909.916	1.414.920
Transfers	24.598	(24.598)	-	-	-
Additions	-	182.970	-	-	182.970
Fair value change	24.154	245.874	(84.399)	(620.774)	(435.145)
Disposals	-	(228.033)	-	-	(228.033)
Currency translation effect	30.133	287.340	-	614.100	931.573
<b>Closing balance as at 31 December 2021</b>	<b>78.885</b>	<b>713.301</b>	<b>170.857</b>	<b>903.242</b>	<b>1.866.285</b>

Translated into English from the report originally issued in Turkish.

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in Thousands of Turkish Lira ("TRY") unless otherwise stated.)

#### 37. FINANCIAL INSTRUMENTS (cont'd)

##### Fair Value of Financial Instruments (cont'd)

	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 2020	-	162.906	97.451	133.511	393.868
Additions	-	30.831	-	734.327	765.158
Fair value change	-	16.801	158.284	32.023	207.108
Transfer to subsidiaries	-	-	-	(2.314)	(2.314)
Disposals	-	-	(479)	-	(479)
Currency translation effect	-	39.210	-	12.369	51.579
Closing balance as at 31 December 2020	-	249.748	255.256	909.916	1.414.920

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 December 2021 Fair Value</i>	<i>Unobservable Inputs</i>	<i>Relation Between Unobservable Inputs and Fair Value Measurement</i>
Income Approach, Discounted Cash Flow	753.993	Weighted average cost of capital ratio: 11,2%	If the weighted average cost of capital ratio is increased to 12,2%, the estimated fair value decreases by 90.843; If it is decreased to 10,2%, the estimated fair value increases by 112.904.

<i>Valuation Method</i>	<i>31 December 2020 Fair Value</i>	<i>Unobservable Inputs</i>	<i>Relation Between Unobservable Inputs and Fair Value Measurement</i>
Income Approach, Discounted Cash Flow	764.133	Weighted average cost of capital ratio: 10,2%	If the weighted average cost of capital ratio is increased to 10,3%, the estimated fair value decreases by 13.213; If it is decreased to 10,1%, the estimated fair value increases by 13.947.

##### *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.

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in Thousands of Turkish Lira ("TRY") unless otherwise stated.)

#### 37. FINANCIAL INSTRUMENTS (cont'd)

##### Fair Value of Financial Instruments (cont'd)

##### Non-traded fair value through profit or loss financial investments

Industry	Valuation Method	31 December 2021 Fair Value	Unobservable Inputs	Relation Between Unobservable Inputs and Fair Value Measurement
Contracting	Held at cost	103.822	Valuation multiplier: 1,00	If the average valuation multiplier is increased by 10%, the estimated fair value increases by 10.382, in case of a 10% decrease, the estimated fair value decreases by 10.382.
Agriculture	Equivalent value	376.404	Valuation multiplier: 1,72 - 2,21	If the average valuation multiplier is increased by 10%, the estimated fair value increases by 40.235, in case of a 10% decrease, the estimated fair value decreases by 40.235.
	Held at cost	25.942	Valuation multiplier: 1,00	
Other	Equivalent value	207.133	Valuation multiplier: 0,48 - 3,32	If the average valuation multiplier is increased by 10%, the estimated fair value increases by 20.713, in case of a 10% decrease, the estimated fair value decreases by 20.713.

Industry	Valuation Method	31 December 2020 Fair Value	Unobservable Inputs	Relation Between Unobservable Inputs and Fair Value Measurement
Contracting	Held at cost	11.012	Valuation multiplier: 1,00	If the average valuation multiplier is increased by 10%, the estimated fair value increases by 1.101, in case of a 10% decrease, the estimated fair value decreases by 1.101.
Agriculture	Equivalent value	98.767	Valuation multiplier: 1,31 - 1,72	If the average valuation multiplier is increased by 10%, the estimated fair value increases by 12.813, in case of a 10% decrease, the estimated fair value decreases by 12.813.
	Held at cost	29.363	Valuation multiplier: 1,00	
Other	Equivalent value	86.749	Valuation multiplier: 1,07 - 1,51	If the average valuation multiplier is increased by 10%, the estimated fair value increases by 11.061, in case of a 10% decrease, the estimated fair value decreases by 11.061.
	Held at cost	23.857	Valuation multiplier: 1,00	

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 2021	11.012	128.130	110.606	249.748
Transfers (Level 1)	-	-	(24.598)	(24.598)
Additions	84.354	90.829	7.787	182.970
Fair value change	-	213.604	32.270	245.874
Disposals	-	(228.033)	-	(228.033)
Currency translation effect	8.456	197.816	81.068	287.340
Closing balance as at 31 December 2021	103.822	402.346	207.133	713.301
	Contracting	Agriculture	Other	Total
Opening balance as at 1 January 2020	8.911	61.518	92.477	162.906
Additions	-	30.831	-	30.831
Fair value change	-	20.303	(3.502)	16.801
Currency translation effect	2.101	15.478	21.631	39.210
Closing balance as at 31 December 2020	11.012	128.130	110.606	249.748

Translated into English from the report originally issued in Turkish.

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in Thousands of Turkish Lira ("TRY") unless otherwise stated.)

#### 38. OTHER MATTERS MATERIALLY AFFECTING FINANCIAL STATEMENTS

##### COVID-19 Pandemic

Novel Coronavirus (COVID-19) outbreak that occurred in Wuhan city of People's Republic of China in December 2019 spread to the whole world and was declared Pandemic by the World Health Organization on 11 March 2020. This situation affects social life and economic activities negatively in the geography where the Group operates. The Group's management closely monitors the developments and takes measures to reduce the negative effects of the COVID-19 pandemic on the Group's consolidated financial position, consolidated financial performance and consolidated cash flows to an acceptable level. Within the scope of the measures taken, evaluations regarding the going concern of the Group have been reviewed to evaluate the going concern assumption of the business. The Group management believes that, despite the uncertain economic outlook, Group's business risks can be managed successfully. On the other hand, management has a reasonable expectation that the Group will have the resources to provide sufficient liquidity reserves in the twelve-month period to maintain its operational existence. In addition, possible effects of cash flow risk has been reevaluated by recalculating Group budget projections with various scenarios, estimations and assumptions used in expected credit losses, impairment of assets within the Group, performance obligations within the scope of recognizing revenue has been reevaluated, independent valuation has been performed for significant portion of the financial assets measured at fair value and consolidated financial statements, that prepared on the basis of going concern, have been prepared by taking into consideration of these evaluations. As of the reporting date, there is no significant issue affecting the Group's activities and the consolidated financial statements other than those disclosed in the consolidated financial statements.

##### Construction Projects

The COVID-19 pandemic, which has been effective since the last months of the year 2019 and caused delays in personnel, material and equipment logistics, has caused disruptions in the countries where the Engineering and Contracting segment operates.

The sudden decline in oil revenues and the serious and unpredictable financial burdens brought on the country budgets by the pandemic caused delays in contracting new projects, as well as delays in the progress payments of ongoing projects, and therefore bank loans have been used to ensure cash flow.

Some countries of operation suddenly imposed unilateral restrictions on employee visas, thus making it difficult to continue the ongoing projects efficiently. While some employers demand extension of the duration of the projects, in another country, unlike statistical information and documents, there were extraordinary situations that could not be predicted in advance such as adverse weather conditions and severe fluctuations in exchange rates.

Necessary precautions have been taken and efforts have been made to minimize possible damages in order to overcome these adversities in the slightest possible way. In addition to these measures, the processes foreseen in the contracts were initiated to compensate for the losses caused by all these unforeseen negativities.

The compensation and claim files prepared by the contract department together with international expert consulting firms have been submitted to the employer administrations in 2021. 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 for these demands to be concluded positively.

Current information about related projects is as follows;

##### Kazakhstan - Kuyubası Pressure Management Project:

Pursuant to the contract signed between Gate and Tengizchevroil on 24 July 2017, the construction, mechanical, electrical and instrument installation project in Kazakhstan's Tengiz oil and gas field was undertaken. The bid submitted to the pipeline tender in the same region was found successful by the Employer administration 19 January 2021 and the said pipeline works were added to the ongoing project with an Addendum.

The Addendum, which was prepared to cover the effects of the pandemic on the costs and duration of the project, was signed mutually and the relevant incomes were included in the attached consolidated financial statements. The expected current end-of-project income of the project is 11.254.636 (867.242.265 USD) and the financial completion rate of the project is 63,7% as of the balance sheet date.

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in Thousands of Turkish Lira ("TRY") unless otherwise stated.)

#### 38. OTHER MATTERS MATERIALLY AFFECTING FINANCIAL STATEMENTS (cont'd)

##### Construction Projects (cont'd)

###### Qatar - Al-Thumama Stadium Project:

Pursuant to the contract signed between Tekfen-Al Jaber J.V., which Tekfen İnşaat holds 50% ownership, and employer administration Qatar Supreme Committee for Delivery and Legacy on 10 December 2017, the engineering and construction works of the stadium complex project, where the 2022 World Cup Quarter Finals will be held in Qatar, were undertaken. The expected current end-of-project income of the project is 2.400.247 (675.083.823 QAR) and the financial completion rate of the project is 92,6% as of the balance sheet date.

During the construction process, due to the changes, as requested by the Employer administration, made in the design of the project to comply with FIFA Standards, it is expected that a total increase of 1.501.021 (422.171.087 QAR) will occur in the end-of-project cost and Group share of this increase has been included in the consolidated financial statements. Since an agreement could not be reached with the employer administration regarding the compensation of these additional costs, an application was made to the Claim Compensation Committee of the Ministry of Finance, which was established in accordance with the laws of Qatar, to resolve the dispute. Since an agreement could not be reached on the compensation request made to mentioned committee, no income was recognized in the consolidated financial statements as of reporting date.

###### Qatar - Al Khor Highway Project:

Pursuant to the contract signed between Tekfen İnşaat and Qatar Public Engineering Office (PEO) on 13 October 2016, the project, which consists of a 10-lane 34 km length highway and its infrastructure, various intersections, viaducts, under and overpasses, was undertaken. The expected current end-of-project income of the project is 32.830.460 (9.233.764.551 QAR) and the financial completion rate of the project is 97,3% as of the balance sheet date.

During the construction of the project, the revenues from the additional works performed with the instructions of the Employer administration are recognized in the consolidated financial statements in accordance with "TFRS 15 Revenue from Customer Contracts" standard and the management estimations. As of the reporting date, negotiations with the Employer administration regarding the Group's additional requests, which have not been included in the consolidated financial statements yet, are in progress.

###### Saudi Arabia - Jeddah Yanbu Pipeline Project:

Pursuant to the contract signed between Tekfen İnşaat and Saudi Arabian Oil Company on 15 November 2016, the pipeline project between Jeddah and Yanbu was undertaken. The expected current end-of-project income of the project is 3.852.401 (1.113.196.279 SAR) and the financial completion rate of the project is 96,1% as of the balance sheet date. Due to the additional work done and the additional cost increases, negotiations concerning additional income demand are in progress within the scope of the contract signed with the Employer administration.

###### Saudi Arabia - Haradh Satellite Compressor Stations Pipelines Project:

Pursuant to the contract signed between Tekfen İnşaat and Saudi Arabian Oil Company on 30 July 2018, the Haradh Field Gas Increase Programme - Satellite Gas Compressor Stations Pipeline Construction Project was undertaken. The expected current end-of-project income of the project is 8.126.113 (2.348.135.006 SAR) and the financial completion rate of the project is 92,6% as of the balance sheet date.

Due to delays in materials supplied by the employer and time extensions originating from the employer, negative situations occur in the project. Due to the additional work done and the additional cost increases, negotiations concerning additional income demand are in progress within the scope of the contract signed with the Employer administration.

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

Rusfen, one of the subsidiaries of the Group, signed a contract with Kharampurneftgaz LLC on 27 December 2019, for the construction and installation of 90 km length 48 "gas pipeline. The expected current end-of-project income of the project is 2.762.971 (15.878.432.526 Russian Rubles) and the financial completion rate of the project is 78,4% as of the balance sheet date.

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in Thousands of Turkish Lira ("TRY") unless otherwise stated.)

#### 38. OTHER MATTERS MATERIALLY AFFECTING FINANCIAL STATEMENTS (cont'd)

##### Construction Projects (cont'd)

###### Russia - Gas Transmission Pipeline between Kharampur Gas Field and Gazprom Main Pipeline (cont'd):

While construction activities are in progress in Yamalo-Nenets autonomous region of Russia, various adverse events were experienced such as lack of cold weather conditions required for the implementation of the project in the first winter, the COVID-19 pandemic and the devaluation of the Russian Ruble against the US Dollar so that construction activity of the project could not be carried out temporarily. Due to the changing conditions, negotiations are continuing with the Employer Administration regarding the successful completion of the project and compensation of additional costs. On 30 December 2020, an amendment protocol was signed with the Employer administration, which includes the updated terms regarding project planning and project completion period, and the duration of the project was extended to May 2022. Although the necessary weather conditions were not fully established and the extreme cold weather conditions in the second winter of the project, the project activities are carried out within the framework of the work schedule. Although the Group has reduced the end-of-project costs as a result of getting better knowledge of the region and the conditions, the measures taken to reduce costs in the previous period and the developed business methods, there has not been positive progress as of the reporting date towards the compensation of the Group's claims despite intensive negotiations with the Employer administration in 2021. As of the reporting date, with additional 486.611 provisions set aside in 2021, a total of 820.011 (6.745.878.464 Russian Rubles) (2020: 333.400) loss is expected to occur at the end of the project, as the estimated costs of the project have increased, and the entire expected loss has been included in the consolidated financial statements. Negotiations with the employer administration for the compensation of all of these losses are in progress.

##### Other

The agreement regarding the sale of shares of Florya Gayrimenkul Yatırım İnşaat Turizm Sanayi ve Ticaret A.Ş., one of the joint ventures of the Group with 50% direct participation rate, on 24 June 2021 for a price of 216.048 and the approval of the Competition Board regarding the sale took place on 8 July 2021. The sales profit amounting to 124.594 is included in the investment income line of consolidated statement of profit or loss for the year ended 31 December 2021.

Tekfen İnşaat has decided to establish a branch in the Republic of the Philippines.

Tekfen İnşaat has signed an agreement with Central Bank of Azerbaijan for the construction works of the engineering, equipment and material supply turnkey construction works of Azerbaijan Central Bank administration building. Value of the project contract is approximately 3.200.741 (218.000.000 EUR).

The Consortium comprising of Tekfen İnşaat and HMB, both subsidiaries of the Group, has received a letter of award from Türkiye Petrol Rafinerileri A.Ş. (Tüpraş) as the owner of the project, for Engineering, Procurement and Construction of Tüpraş Kırıkkale Refinery Sulphur Recovery Unit Project. The scope of work consists of engineering, equipment and material procurement and construction of Sulphur Recovery Units with a total duration of 36 months. The contract within the scope of the project has been signed by the Group and the signature process of Tüpraş is in progress. Project value is 710.932 (54.781.856 USD) and 154.188 (10.501.600 EUR).

Istek J.V. which is 50% owned by Gate, a subsidiary of Group, and North Caspian Operating Company N.V. has signed a 5-year framework contract for the provision of renovation-construction services at existing facilities in Kazakhstan. On 12 July 2021, the work order number 1 with amounting 165.007 (5.488.618.364 KZT) was conveyed to the Group by the employer administration. During the contract period, the ongoing amount of work in progress within the framework of the work orders given by the employer administration will be shared in the quarterly reports of the Group.

With the article 11 of the Law No. 7316 on the Procedure for the Collection of Public Claims and Amending Certain Laws, published in the Official Gazette No. 31462 dated 22 April 2021, provisional 13th article added to the Corporate Tax Law No. 5520, corporate tax rate will be applied as 25% for the corporate earnings for the 2021 taxation period and 23% for the corporate earnings for the 2022 taxation period. In the consolidated financial statements as of 31 December 2021, 25% has been used as the tax rate in the period tax calculations. In the deferred tax calculations, the rates have been determined depending on the period in which the taxable/deductible temporary differences are expected to be realized.

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(Amounts are expressed in Thousands of Turkish Lira (“TRY”) unless otherwise stated.)

#### 38. OTHER MATTERS MATERIALLY AFFECTING FINANCIAL STATEMENTS (cont’d)

##### Other (cont’d)

Upon the resolution of Ordinary General Assembly held on 26 March 2020, it is decided to distribute 1,15 TL gross cash dividends per share attributable to the operations of the year of 2019. It is decided that the first portion of dividends of 426.492 and 29.828 in the aggregate 456.320 respectively to the owners of the parent and Tekfen Eğitim Sağlık Kültür Sanat ve Doğal Varlıkları Koruma Vakfı which holds redeemed shares will be distributed on 27 April 2020 and second portion of dividend distribution will be held on 24 September 2020. However pursuant to article 12 of Law Concerning the Reduction of the Effects of COVID-19 Pandemic on Economic and Social Life and the Amendment of Some Laws numbered 7244, which went into effect with its publication in issue 31102 of the official gazette on 17 April 2020 as well as to interim article 13 added to the Turkish Commercial Code numbered 6102, portions of dividends that exceed 25% of 2019 net profit must be paid after 30 September 2020. For this reason, the Board of Directors of the Company has decided that 456.320 of dividend will be paid in three installements. First installment amounting to 213.246 to the owners of the parent and 29.828 to Tekfen Eğitim Sağlık Kültür Sanat ve Doğal Varlıkları Koruma Vakfı which holds redeemed shares which constitute 243.074 was paid in accordance with the decision taken in the Ordinary General Assembly on 27 April 2020, second installment amounting to 142.164 was paid on 24 September 2020. The last installment dividend payment amounting to 71.082, which was decided to be made on 1 October 2020, was paid on 7 January 2021 within the framework of the President's Decree dated 18 September 2020.

With the decision of the Turkish Competition Authority, dated 12 August 2021 and numbered 21-38/543-M, an investigation pursuant to the 41st article of the Law No. 4054 has been initiated to determine whether there has been a violation of the 4th article of Law No. 4054 by seven enterprises, including one of Group’s subsidiaries, Toros Tarım. The Investigation Notice disclosing that an investigation has been initiated was sent to Toros Tarım on 26 Aug, 2021. At this point, the fact that an investigation has been initiated should not be interpreted as the enterprises under investigation have violated the Law No. 4054, or have faced or will be subject to penal sanctions within the scope of the same law.

#### 39. FEES FOR SERVICES RECEIVED FROM INDEPENDENT AUDIT FIRM

Type of Service	1 January - 31 December 2021	1 January - 31 December 2020
Independent audit fee for the reporting period	3.433	2.426
Fees for tax advisory services	643	309
Fees for other assurance services	44	37
	<u>4.120</u>	<u>2.772</u>

#### 40. SUBSEQUENT EVENTS

Tekfen Construction signed a contract with Chiyoda Technip Ordinary Partnership for the Common Offsites 2 general works of the North Field East Onshore project EPC-1 package in Qatar. The contract value of the project is approximately 5.040.461 (388.400.000 USD).

Temporary Article 14 has been added to the Corporate Tax Law No. 5520 with the Law No. 7352 Amending the Tax Procedure Law and the Corporate Tax Law, published in the Official Gazette dated 29 January 2022 and numbered 31734. In accordance with the relevant article, taxpayers who convert their foreign currencies and gold accounts in their balance sheets dated 31 December 2021 into Turkish Lira and use the Turkish lira assets thus obtained in Turkish lira deposit and participation accounts with a maturity of at least three months opened foreign exchange gains, interests at the end of maturity, dividends and other earnings in the period between 1 October 2021 and 31 December 2021 are exempt from corporate tax for the 2021 accounting period, within the scope of the principles specified in the regulation. The Group estimates the corporate tax exemption amount to be benefited from with this law amendment as 477.165.

After the balance sheet date, there is negative change of 17.634 in the fair value of one of the Group’s fair value through profit or loss financial investment.

Payment amounting 12.398 was made on 12 January 2022 regarding the capital increase of Mersin Serbest Bölge İşleticisi A.Ş., a fair value through other comprehensive income of the Group.