

**TEKFEN HOLDİNG ANONİM ŐİRKETİ
AND ITS SUBSIDIARIES**

CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE NINE MONTH
INTERIM PERIOD
ENDED 30 SEPTEMBER 2022

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

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TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2022**

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

ASSETS	Notes	Unreviewed 30 September 2022	Audited 31 December 2021
Current Assets		23.258.933	15.407.337
Cash and cash equivalents	7	4.145.651	5.064.108
Financial investments	4	3.087.342	51.845
Trade receivables	8	4.713.157	2.814.220
- Related party receivables		50.326	50.462
- Trade receivables		4.662.831	2.763.758
Other receivables		118.824	101.659
- Related party receivables		232	-
- Other receivables		118.592	101.659
Contract assets arising from ongoing construction works	9	2.050.186	1.863.471
Derivative instruments	21	83.913	249.886
Inventories	10	7.538.352	3.952.236
Prepaid expenses		691.152	349.216
- Prepaid expenses		691.152	349.216
Assets related to current tax		337.230	434.363
Other current assets		432.474	476.648
- Other current assets		432.474	476.648
		23.198.281	15.357.652
Assets classified as held for sale		60.652	49.685
Non-Current Assets		8.792.096	6.506.236
Financial investments	23	2.753.261	1.866.285
Trade receivables	8	439.354	184.737
- Trade receivables		439.354	184.737
Other receivables		48.906	14.025
- Other receivables		48.906	14.025
Investments valued by equity method	11	164.115	95.625
Investment property	12	230.161	168.024
Property, plant and equipment	12	4.231.198	3.441.525
Right-of-use assets	12	43.145	62.194
Intangible assets	12	161.630	150.699
- Goodwill		102.911	95.687
- Other intangible assets		58.719	55.012
Prepaid expenses		66.546	52.255
- Prepaid expenses		66.546	52.255
Deferred tax assets		586.455	436.525
Other non-current assets		67.325	34.342
- Other non-current assets		67.325	34.342
TOTAL ASSETS		32.051.029	21.913.573

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

Translated into English from the report originally issued in Turkish.

TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2022

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

LIABILITIES	Notes	Unreviewed 30 September 2022	Audited 31 December 2021
Current Liabilities		20.892.240	13.073.283
Short-term borrowings	13	5.061.601	3.088.485
Short-term portion of long-term borrowings		126.755	88.282
Trade payables	8	10.107.764	6.832.598
- Related party payables		35.301	10.174
- Trade payables		10.072.463	6.822.424
Payables related to employee benefits		164.621	126.891
Other payables		218.419	117.262
- Related party payables		20	-
- Other payables		218.399	117.262
Contract liabilities arising from ongoing construction works	9	1.123.289	457.701
Derivative instruments	21	418.367	198.465
Deferred revenue		2.552.284	880.956
- Deferred revenue		2.552.284	880.956
Current tax liability		239.620	499.325
Short-term provisions	14	874.227	777.228
- Short-term provisions attributable to employee benefits		224.767	260.389
- Other short-term provisions		649.460	516.839
Other short-term liabilities		5.293	6.090
- Other short-term liabilities		5.293	6.090
Non-Current Liabilities		1.485.955	1.114.830
Long-term borrowings	13	287.861	324.786
Trade payables	8	326.556	218.075
- Trade payables		326.556	218.075
Other payables		125.299	86.305
- Other payables		125.299	86.305
Deferred revenue		231	231
- Deferred revenue		231	231
Long-term provisions	14	375.056	288.417
- Long-term provisions attributable to employee benefits		374.952	288.362
- Other long-term provisions		104	55
Deferred tax liabilities		370.952	197.016
TOTAL LIABILITIES		22.378.195	14.188.113
EQUITY		9.672.834	7.725.460
Equity Attributable To Owners Of The Parent	5, 17	9.510.048	7.595.637
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 that will not be reclassified to profit or loss		(528.129)	(359.392)
- Gain on investments in equity instruments		(533.972)	(362.986)
- Gain on revaluation and remeasurement		5.843	3.594
Accumulated other comprehensive income that will be reclassified to profit or loss		3.314.347	2.770.245
- Currency translation reserve		3.401.341	2.577.869
- Hedging reserve		(86.994)	192.376
Legal reserves		563.375	397.716
Prior years' income		3.672.851	3.273.381
Net profit for the period		1.813.145	839.228
Non-controlling Interests		162.786	129.823
TOTAL LIABILITIES AND EQUITY		32.051.029	21.913.573

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

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TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE NINE MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2022

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

	Notes	Unreviewed 1 January- 30 September 2022	Unreviewed 1 July- 30 September 2022	Unreviewed 1 January - 30 September 2021	Unreviewed 1 July- 30 September 2021
Revenue	6	21.218.111	8.222.965	11.020.384	3.598.842
Cost of revenue (-)		(18.487.732)	(7.236.121)	(9.482.300)	(3.157.457)
GROSS PROFIT		2.730.379	986.844	1.538.084	441.385
General administrative expenses (-)		(629.300)	(210.803)	(449.326)	(131.481)
Marketing expenses (-)		(579.148)	(243.642)	(234.475)	(64.509)
Research and development expenses (-)		(19.496)	(6.269)	(17.330)	(4.156)
Other operating income	19	2.203.773	801.552	389.130	148.202
Other operating expenses (-)	19	(2.739.738)	(930.275)	(580.475)	(176.785)
Share on profit of investments valued by equity method	11	41.332	23.204	93.103	52.165
OPERATING PROFIT		1.007.802	420.611	738.711	264.821
Investment income	4	729.777	247.568	404.151	144.223
Investment expense (-)		(128.137)	(13.688)	(22.105)	(527)
PROFIT BEFORE FINANCIAL INCOME (EXPENSE)		1.609.442	654.491	1.120.757	408.517
Financial income	20	1.414.287	297.681	765.264	221.081
Financial expenses (-)	20	(973.423)	(238.693)	(429.271)	(164.060)
PROFIT FROM CONTINUING OPERATIONS BEFORE TAXATION		2.050.306	713.479	1.456.750	465.538
Tax (Expense) Income from Continuing Operations		(255.538)	15.127	(257.581)	8.644
Tax expense for the period (-)		(180.021)	(90.203)	(313.979)	(70.023)
Deferred tax (expense) income		(75.517)	105.330	56.398	78.667
PROFIT FROM CONTINUING OPERATIONS FOR THE PERIOD		1.794.768	728.606	1.199.169	474.182
Distribution of Profit for the Period					
Non-controlling interests		(18.377)	(6.931)	6.636	10.997
Owners of the parent	18	1.813.145	735.537	1.192.533	463.185
Earnings Per Share	18	4,900	1,988	3,223	1,252

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TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE NINE MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2022

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

	Unreviewed 1 January- 30 September 2022	Unreviewed 1 July- 30 September 2022	Unreviewed 1 January - 30 September 2021	Unreviewed 1 July- 30 September 2021
PROFIT FOR THE PERIOD	1.794.768	728.606	1.199.169	474.182
OTHER COMPREHENSIVE INCOME:				
<u>Items that will not be reclassified to profit or loss</u>	(168.672)	(22.021)	(90.774)	(7.070)
Loss on investments in equity instruments	(168.115)	(20.303)	(104.572)	(9.433)
Gain on revaluation of defined benefit plans	2.212	921	10.366	2.161
Taxes based on other comprehensive income that will not be reclassified to profit or loss	(2.769)	(2.639)	3.432	202
- <i>Deferred tax (expense) income</i>	(2.769)	(2.639)	3.432	202
<u>Items that will be reclassified to profit or loss</u>	595.442	10.427	487.332	30.795
Currency translation reserve differences	874.812	277.344	488.776	44.737
Other comprehensive expense (-) related to cash flow hedging	(362.818)	(346.645)	(1.322)	(18.589)
Taxes based on other comprehensive income that will be reclassified to profit or loss	83.448	79.728	(122)	4.647
- <i>Deferred tax (expense) income</i>	83.448	79.728	(122)	4.647
OTHER COMPREHENSIVE INCOME (EXPENSE)	426.770	(11.594)	396.558	23.725
TOTAL COMPREHENSIVE INCOME	2.221.538	717.012	1.595.727	497.907
Distribution of Total Comprehensive Income for the Period				
Non-controlling interests	32.963	8.743	19.210	13.019
Owners of the parent	2.188.575	708.269	1.576.517	484.888

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TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2022

(Amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

				Items not to be reclassified to profit or loss	Items to be reclassified to profit or loss			Retained Earnings					Non- controlling interests	Equity
	Paid in capital	Capital structure adjustment	Premiums in capital stock	Gain (loss) on investments in equity instruments	Gain on revaluation and remeasurement	Currency translation reserve	Gains (loss) on hedging	Legal reserves	Prior years' income	Net profit for the (loss) period	Equity attributable to owners of the parent			
Unreviewed														
Opening balance as of 1 January 2021	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	-	-	-	-	-	-	-	14.878	(75.003)	60.125	-	-	-	
Total comprehensive income (expense)	-	-	-	(99.067)	8.293	476.202	(1.444)	-	-	1.192.533	1.576.517	19.210	1.595.727	
- Profit for the period	-	-	-	-	-	-	-	-	-	1.192.533	1.192.533	6.636	1.199.169	
- Other comprehensive income (expense)	-	-	-	(99.067)	8.293	476.202	(1.444)	-	-	-	383.984	12.574	396.558	
Other changes	-	-	-	-	-	-	-	-	10.723	-	10.723	-	10.723	
Closing balance as of 30 September 2021	370.000	3.475	300.984	193.449	8.306	1.532.149	5.792	397.605	3.313.086	1.192.533	7.317.379	99.971	7.417.350	
Unreviewed														
Opening balance as of 1 January 2022	370.000	3.475	300.984	(362.986)	3.594	2.577.869	192.376	397.716	3.273.381	839.228	7.595.637	129.823	7.725.460	
Transfers	-	-	-	-	-	-	-	165.659	673.569	(839.228)	-	-	-	
Total comprehensive income (expense)	-	-	-	(170.986)	2.314	823.472	(279.370)	-	-	1.813.145	2.188.575	32.963	2.221.538	
- Profit (loss) for the period	-	-	-	-	-	-	-	-	-	1.813.145	1.813.145	(18.377)	1.794.768	
- Other comprehensive income (expense)	-	-	-	(170.986)	2.314	823.472	(279.370)	-	-	-	375.430	51.340	426.770	
Dividends	-	-	-	-	-	-	-	-	(274.164)	-	(274.164)	-	(274.164)	
Other changes	-	-	-	-	(65)	-	-	-	65	-	-	-	-	
Closing balance as of 30 September 2022	370.000	3.475	300.984	(533.972)	5.843	3.401.341	(86.994)	563.375	3.672.851	1.813.145	9.510.048	162.786	9.672.834	

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TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE NINE MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2022

(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

Notes	Unreviewed 1 January - 30 September 2022	Unreviewed 1 January - 30 September 2021
A. CASH FLOWS FROM OPERATING ACTIVITIES	(1.483.027)	229.526
Profit for the Period	1.794.768	1.199.169
Adjustments to Reconcile Net Profit	285.082	(2.093)
- Depreciation and Amortization	12 425.742	286.561
- Impairment/Reversed Provision	10,12 (3.934)	17.735
- Provision Adjustments	8, 14 15.229	(92.744)
- Dividend Income and Expenses	(13.902)	(8.752)
- Interest Income and Expense Adjustments	20 236.419	8.894
- Gain/Loss on Fair Valuation	23 (539.547)	(238.558)
- Group's Share on Profit of Investments in Associates Accounted by Equity Method	11 (41.332)	(93.103)
- Allowance for Taxation	255.538	257.581
- Adjustments for Gain/Loss on Sale of Fixed Assets	12 (34.171)	(68)
- Adjustments for Gain/Loss on Sales of Assets Held for Sale	-	(15.045)
- Adjustments for Gain/Loss on Sales of Joint Ventures	(14.960)	(124.594)
Movements in Working Capital	(2.856.192)	(539.486)
- Changes in Financial Investments	(3.176.244)	82.118
- Changes in Trade Receivables	8 (2.144.766)	(205.103)
- Changes in Other Assets	(40.442)	(75.083)
- Changes in Contract Assets Arising from Ongoing Construction Works	9 (186.715)	(983.811)
- Changes in Inventories	10 (2.931.545)	(918.206)
- Changes in Prepaid Expenses	(345.540)	(19.232)
- Changes in Trade Payables	8 3.423.337	1.107.649
- Changes in Payables Related to Employee Benefits	37.730	59.182
- Changes in Contract Liabilities Arising from Ongoing Construction Works	9 665.588	(28.948)
- Changes in Other Liabilities	171.077	22.184
- Changes in Deferred Revenue	1.671.328	419.764
Cash Generated by Operating Activities	(776.342)	657.590
Interest Paid	(264.772)	(108.635)
Interest Received	93.281	101.386
Payments Related to Employee Benefits	14 (191.717)	(80.068)
Other Provision Paid	14 (884)	(524)
Tax Paid/Return	(342.593)	(340.223)
B. CASH FLOWS FROM INVESTING ACTIVITIES	(574.631)	(40.719)
Cash Inflows from Sales of Shares or Capital Decrease of Associates or Joint Ventures	11 29.268	216.048
Cash Outflows for Payments due to Share Acquisition or Capital Increase of Associates or Joint Ventures	11 -	(444)
Cash Inflows for Sales of Shares in Other Entities or Shares in Funds or Borrowing Instruments	23 -	155.389
Cash Outflows for Acquisition of Shares in Other Entities or Shares in Funds or Borrowing Instruments	23 (89.066)	(124.681)
Proceeds from Sales of Tangible and Intangible Assets	12 44.600	11.943
Acquisition of Tangible and Intangible Assets	12 (553.091)	(317.033)
Proceeds from Sales of Investment Properties	12 1.650	-
Acquisition of Investment Properties	12 (10.794)	-
Advances and Debts Given	(10.687)	9.061
Dividend Received	13.489	8.998
C. CASH FLOWS FROM FINANCING ACTIVITIES	562.768	(44.229)
Proceeds from Borrowings	4.489.431	1.824.184
Repayments of Borrowings	(3.539.065)	(1.763.250)
Payments of Lease Obligations	(42.352)	(34.081)
Dividend Paid	4 (345.246)	(71.082)
CHANGE IN CASH AND CASH EQUIVALENTS BEFORE CURRENCY TRANSLATION RESERVE EFFECT	(1.494.890)	144.578
D. CURRENCY TRANSLATION RESERVE EFFECT ON CASH AND CASH EQUIVALENTS	576.433	434.231
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)	(918.457)	578.809
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5.064.108	3.259.116
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)	4.145.651	3.837.925

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2022

(Amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

1. ORGANIZATION AND OPERATIONS OF THE GROUP

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

As of 30 September 2022, the Group has 11.910 employees (31 December 2021: 16.543) including the personnel of subcontractors. Registered address of the Company is Kültür Mahallesi, Budak Sokak, Tekfen Sitesi A Blok, No: 7, Beşiktaş, İstanbul, Türkiye.

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

Changes in the Group's structure as of 30 September 2022:

Shares of Hishtil Toros Fidecilik San. Ve Tic. A.Ş., one of the joint ventures of the Group with 50% participation rate were sold on 19 April 2022.

Approval of condensed consolidated financial statements:

The condensed consolidated financial statements are approved and published by the Board of Directors as of 26 October 2022.

2. BASIS OF PRESENTATION OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

The Group has preferred to disclose its interim consolidated financial statements as of 30 September 2022 in condensed format in accordance with TAS 34 “Interim Financial Reporting” standard. The descriptions and disclosures which are needed in the financial statements prepared annually complying with TFRS are summarized appropriately in accordance with TAS 34 or not mentioned.

The accompanying condensed consolidated financial statements have to be considered with the consolidated financial statements which are independently audited as of 31 December 2021 and the related disclosures. Interim periods’ financial statements cannot be the sole indicator of the year-end results by themselves.

For the condensed consolidated financial statements, the Group continues to apply the same accounting policies and accounting estimate methods which are mentioned in the audited consolidated financial statements as of 31 December 2021.

According to the announcement made by POA on 20 January 2022, it was stated that companies applying TFRS will not need to make any adjustments within the scope of TAS 29 Financial Reporting in High Inflation Economies in their financial statements for the year ended December 31, 2021. No new announcement has been made by the POA regarding the application of inflation accounting, and no inflation adjustment has been made according to TAS 29 while preparing financial statements as of 30 September 2022.

Exchange rates used in the consolidation process as of 30 September 2022 are; 1 USD= 18,5038 TL, 1 EUR= 17,9232 TL, 1 AZN= 10,8846 TL, 1 SAR= 4,9343 TL, 1 QAR= 5,0695 TL, 1 RON= 3,6013 (Exchange rates as of 31 December 2021 are; 1 USD= 12,9775 TL, 1 EUR= 14,6823 TL, 1 AZN= 7,6338 TL, 1 SAR= 3,4607 TL, 1 QAR= 3,5555 TL, 1 RON= 2,9498 TL).

TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2022

(Amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

3. ADOPTION OF NEW AND REVISED STANDARDS

New and revised standards and interpretations are presented below:

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

- 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.

(b) Standards, amendments and interpretations to existing standards that are effective as of the year 2022, but not affecting the condensed consolidated financial statements of the Group:

- None.

(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 2024.
- 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 and the standards not yet effective as of 30 September 2022 on its consolidated financial position and performance.

4. EVENTS AND TRANSACTIONS MATERIALLY AFFECTING THE CONDENSED CONSOLIDATED 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 in order 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 condensed 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 condensed consolidated financial statements other than those disclosed in the condensed consolidated financial statements.

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TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

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

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 serious 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 impossible 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. The Engineering and Contracting segment, which continues to work within the framework of contractual obligations during the extraordinary period, by taking every possible and reasonable precautions, will continue to negotiate diligently in 2021 for these justified demands to be concluded positively.

Current information about related projects is as follows;

Kazakhstan - Kuyubaşı 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 17.269.893 (933.316.005 USD) and the financial completion rate of the project is 79,0% as of the balance sheet date.

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 3.501.463 (690.687.414 QAR) and the financial completion rate of the project is 94,4% 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 2.140.211 (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 requests, 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 46.812.355 (9.234.054.361 QAR) and the financial completion rate of the project is 98,2% 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.

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

Construction Projects (cont'd)

Saudi Arabia - Haradh Satellite Compressor Stations Pipelines Project:

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 11.652.532 (2.361.514.616 SAR) and the financial completion rate of the project is 91,0% 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. As of the report date, due to an increase in the estimated costs of the project, a total loss of 2.934.538 (594.716.535 SAR) is expected at the end of the project, and all of the expected loss has been recognized in the attached condensed consolidated financial statements. Due to the additional works performed, additional cost increases and time extensions, the negotiations for additional income demand continue 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 Kharampurneftegaz 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 4.157.152 (12.969.896.075 Russian Rubles) and the financial completion rate of the project is 87,4% as of the balance sheet date.

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 concluded 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 2022. Total of 1.677.601 (5.233.946.125 Russian Rubles) (2021: 820.011) 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.

Financial Investments

Long term financial investments

During the nine month interim period ended 30 September 2022, the positive change of 14.387 and negative change of 123.154 in the fair value of the Group's fair value through profit or loss financial investments has been recognized in the investment income and expenses lines of condensed consolidated statement of profit or loss (31 December 2021: 279.247 positive, 9.219 negative). The Group has purchased 76.668 financial investments at fair value through profit or loss during the period.

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 investment of the Group.

30 September 2022, the total amount of Eurobond accounts included in the long term financial investments is 140.747 (31 December 2021: None).

Short term financial investments

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, temporary article 14 was added to the Corporate Tax Law No. 5520. In accordance with the relevant article, taxpayers who have converted their foreign currencies and gold accounts in their balance sheets dated 31 December 2021 into Turkish Lira and whose Turkish Lira assets thus obtained are evaluated in Turkish Lira deposit and participation accounts with a maturity of at least three months ("KKM accounts") opened, within the scope of the principles specified in the regulation, corporate tax exemption has been introduced for the foreign exchange gains, interest and dividends to be obtained at the end of the maturity period, and other earnings in the period corresponding to the period between 1 October - 31 December 2021.

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

Financial Investments (cont'd)

Short term financial investments (cont'd)

The Group has benefited from the corporate tax exemption for the part of the foreign exchange gains arising from the 2021 year-end valuation of KKM accounts for the period of 1 October - 31 December 2021, and the consistent effect of the exception amounting 119.291 has been deducted from tax expense in the condensed consolidated statement of profit or loss for the nine month interim period ended 30 September 2022. The Group also benefited from the corporate tax exemption for the foreign exchange gains corresponding to the period between 1 January 2022 and the opening dates of the KKM accounts, as well as the interest and foreign exchange gains for the period between the account opening dates and the balance sheet date. Effect of the exception amounting 159.008 has been deducted from tax expense in the condensed consolidated statement of profit or loss for the nine month interim period ended 30 September 2022. KKM accounts are classified as financial investments at fair value through profit or loss in the condensed consolidated financial statements for the nine-month interim period ended 30 September 2022. The positive change of 630.794 in the fair value of KKM accounts has been recognized in the investment income line of condensed consolidated statement of profit or loss. As of 30 September 2022, the total amount of KKM accounts included in the short term financial investments is 2.921.743. (31 December 2021: None).

As of 30 September 2022, the total amount of Eurobond accounts included in the short term financial investments is 165.599 (31 December 2021: 51.845).

Other

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 7.186.876 (388.400.000 USD).

Tekfen İnşaat ve Tesisat A.Ş. has received a letter stating that it won the tender to undertake the construction of the "FCC Revamp Project" planned to be built at the Tüpraş İzmir Rafineri by Türkiye Petrol Rafinerileri A.Ş. (Tüpraş). The scope of the project is the equipment and material supply and construction works of the FCC Unit, and its total duration is 33 months. The value of the project approximately 1.008.457 (54.500.000 USD).

Tekfen İnşaat has received a letter stating that it won the tender to undertake the construction of the "New PSF and MTR Facilities Construction Works" planned to be built at the SASA Adana facilities by SASA Polyester Sanayi Anonim Şirketi (SASA). The total duration of the project is 25 months including mobilization. The value of the project is 1.128.732 (61.000.000 USD).

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 23% for the corporate earnings for the 2022 taxation period. In the consolidated financial statements as of 30 September 2022, 23% 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.

5. SIGNIFICANT CHANGES IN EQUITY

Gain (Loss) on Investments in Equity Instruments:

The negative change of 170.986 in the fair values of the fair value through other comprehensive income financial investments of the Group has been directly recognized in equity (30 September 2021: negative change of 99.067).

Legal Reserves:

In accordance with the resolutions taken during the Ordinary General Assemblies of Group companies as of 30 September 2022, 165.659 of legal reserves are transferred from retained earnings in the condensed consolidated financial statements as of 30 September 2022 (30 September 2021: 14.878).

Hedging Reserve:

The negative change of 279.370 in the fair values of the effective derivative instruments which the Group uses for cash flow hedging has been recognized in equity (30 September 2021: negative change of 1.444).

Profit Distribution:

Upon the resolution of the Ordinary General Assembly held on 24 March 2022, it is decided to distribute 0,69 TL gross cash dividends per share attributable to the operations of the year of 2021. Profit shares of 256.688 and 17.476 in the aggregate 274.164 was distributed on 26 April 2022 respectively to the owners of the parent and Tekfen Eğitim Sağlık Kültür Sanat ve Doğal Varlıkları Koruma Vakfı which holds redeemed share. (Due the absence of profit and occurrence of loss, no profit distribution has been made regarding the operations of the year 2020).

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6. SEGMENT REPORTING

a) Segment results:

	1 January - 30 September 2022					
	Engineering & Contracting	Chemical Industry	Agricultural Production	Service	Investment	Total
Revenue	7.589.122	12.345.226	145.357	1.066.052	72.354	21.218.111
Cost of revenue (-)	(7.882.155)	(9.712.422)	(95.822)	(778.451)	(18.882)	(18.487.732)
GROSS PROFIT (LOSS)	(293.033)	2.632.804	49.535	287.601	53.472	2.730.379
General administrative expenses (-)	(384.299)	(108.287)	(9.890)	(23.874)	(102.950)	(629.300)
Marketing expenses (-)	(15.851)	(523.220)	(27.930)	(12.147)	-	(579.148)
Research and development expenses (-)	(8.463)	(7.209)	(3.824)	-	-	(19.496)
Other operating income	1.042.055	1.062.935	11.001	83.183	4.599	2.203.773
Other operating expenses (-)	(854.139)	(1.836.073)	(8.564)	(36.357)	(4.605)	(2.739.738)
Share on profit of investments valued by equity method	41.171	-	161	-	-	41.332
OPERATING PROFIT (LOSS)	(472.559)	1.220.950	10.489	298.406	(49.484)	1.007.802
Investment income	34.948	41.306	17.709	16.647	619.167	729.777
Investment expense (-)	-	(4.017)	-	-	(124.120)	(128.137)
PROFIT (LOSS) BEFORE FINANCIAL INCOME (EXPENSES)	(437.611)	1.258.239	28.198	315.053	445.563	1.609.442
Financial income	243.116	397.448	9.114	16.437	748.172	1.414.287
Financial expenses (-)	(313.155)	(153.175)	(49.548)	(18.032)	(439.513)	(973.423)
PROFIT (LOSS) FROM CONTINUING OPERATIONS BEFORE TAXATION	(507.650)	1.502.512	(12.236)	313.458	754.222	2.050.306
Tax (expense) income from continuing operations	(204.144)	(51.601)	(2.095)	(73.304)	75.606	(255.538)
PROFIT (LOSS) FROM CONTINUING OPERATIONS FOR THE PERIOD	(711.794)	1.450.911	(14.331)	240.154	829.828	1.794.768

For the nine month interim period ended 30 September 2022, revenues amounting 2.972.608 are obtained from one non-related client of Engineering and Contracting segment which constitute 14,0% of the Group’s revenue.

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6. SEGMENT REPORTING (cont’d)

a) Segment results (cont’d):

	1 July - 30 September 2022					
	Engineering & Contracting	Chemical Industry	Agricultural Production	Service	Investment	Total
Revenue	2.643.952	5.013.013	66.804	475.001	24.195	8.222.965
Cost of revenue (-)	(2.832.449)	(3.992.817)	(49.080)	(354.707)	(7.068)	(7.236.121)
GROSS PROFIT (LOSS)	(188.497)	1.020.196	17.724	120.294	17.127	986.844
General administrative expenses (-)	(126.568)	(39.382)	(3.541)	(6.263)	(35.049)	(210.803)
Marketing expenses (-)	(5.203)	(218.116)	(14.521)	(5.802)	-	(243.642)
Research and development expenses (-)	(3.073)	(1.601)	(1.595)	-	-	(6.269)
Other operating income	332.181	432.317	3.154	33.745	155	801.552
Other operating expenses (-)	(266.436)	(647.608)	(3.113)	(12.354)	(764)	(930.275)
Share on profit of investments valued by equity method	23.204	-	-	-	-	23.204
OPERATING PROFIT (LOSS)	(234.392)	545.806	(1.892)	129.620	(18.531)	420.611
Investment income	24.046	14.240	2.741	5.701	200.840	247.568
Investment expense (-)	133	(2.369)	-	-	(11.452)	(13.688)
PROFIT (LOSS) BEFORE FINANCIAL INCOME (EXPENSE)	(210.213)	557.677	849	135.321	170.857	654.491
Financial income	88.953	82.514	3.112	4.426	118.676	297.681
Financial expense (-)	(120.738)	(45.506)	(18.626)	(4.628)	(49.195)	(238.693)
PROFIT (LOSS) FROM CONTINUING OPERATIONS BEFORE TAXATION	(241.998)	594.685	(14.665)	135.119	240.338	713.479
Tax (expense) income from continuing operations	(37.250)	94.981	142	(28.249)	(14.497)	15.127
PROFIT (LOSS) FROM CONTINUING OPERATIONS FOR THE PERIOD	(279.248)	689.666	(14.523)	106.870	225.841	728.606

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6. SEGMENT REPORTING (cont’d)

a) Segment results (cont’d):

	1 January - 30 September 2021					
	Engineering & Contracting	Chemical Industry	Agricultural Production	Service	Investment	Total
Revenue	5.978.656	4.484.844	109.444	387.571	59.869	11.020.384
Cost of revenue (-)	(5.748.669)	(3.333.366)	(119.602)	(268.200)	(12.463)	(9.482.300)
GROSS PROFIT (LOSS)	229.987	1.151.478	(10.158)	119.371	47.406	1.538.084
General administrative expenses (-)	(227.187)	(55.251)	(9.404)	(14.902)	(142.582)	(449.326)
Marketing expenses (-)	(7.824)	(198.095)	(22.271)	(6.285)	-	(234.475)
Research and development expenses (-)	(5.564)	(6.513)	(5.253)	-	-	(17.330)
Other operating income	136.443	214.770	7.851	20.966	9.100	389.130
Other operating expenses (-)	(176.262)	(381.318)	(2.509)	(13.835)	(6.551)	(580.475)
Share on profit (loss) of investments valued by equity method	88.597	-	4.511	-	(5)	93.103
OPERATING PROFIT (LOSS)	38.190	725.071	(37.233)	105.315	(92.632)	738.711
Investment income	21.731	661	24	52	381.683	404.151
Investment expense (-)	(162)	(21.942)	-	-	(1)	(22.105)
PROFIT (LOSS) BEFORE FINANCIAL INCOME (EXPENSES)	59.759	703.790	(37.209)	105.367	289.050	1.120.757
Financial income	42.000	316.165	8.653	8.561	389.885	765.264
Financial expenses (-)	(57.589)	(132.226)	(43.238)	(9.538)	(186.680)	(429.271)
PROFIT (LOSS) FROM CONTINUING OPERATIONS BEFORE TAXATION	44.170	887.729	(71.794)	104.390	492.255	1.456.750
Tax (expense) income from continuing operations	(57.336)	(55.826)	892	(29.368)	(115.943)	(257.581)
PROFIT (LOSS) FROM CONTINUING OPERATIONS FOR THE PERIOD	(13.166)	831.903	(70.902)	75.022	376.312	1.199.169

For the nine month interim period ended 30 September 2021, revenues amounting 1.284.884, 1.226.646 and 1.122.707 are obtained from three non-related clients of Engineering and Contracting segment which constitute 11,7%, 11,2% and 10,2% of the Group’s revenue respectively.

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6. SEGMENT REPORTING (cont’d)

a) Segment results (cont’d):

	1 July - 30 September 2021					
	Engineering & Contracting	Chemical Industry	Agricultural Production	Service	Investment	Total
Revenue	1.969.010	1.400.519	51.260	141.812	36.241	3.598.842
Cost of revenue (-)	(1.894.494)	(1.104.398)	(48.635)	(106.194)	(3.736)	(3.157.457)
GROSS PROFIT (LOSS)	74.516	296.121	2.625	35.618	32.505	441.385
General administrative expenses (-)	(74.328)	(17.790)	(3.688)	(4.609)	(31.066)	(131.481)
Marketing expenses (-)	(2.658)	(49.144)	(10.367)	(2.340)	-	(64.509)
Research and development expenses (-)	(1.861)	(366)	(1.929)	-	-	(4.156)
Other operating income	44.937	95.097	1.361	5.266	1.541	148.202
Other operating expenses (-)	(42.925)	(129.245)	(631)	(2.885)	(1.099)	(176.785)
Share on profit of investments valued by equity method	49.897	-	2.268	-	-	52.165
OPERATING PROFIT (LOSS)	47.578	194.673	(10.361)	31.050	1.881	264.821
Investment income	19.076	237	24	-	124.886	144.223
Investment expense (-)	(162)	(365)	-	-	-	(527)
PROFIT (LOSS) BEFORE FINANCIAL INCOME (EXPENSES)	66.492	194.545	(10.337)	31.050	126.767	408.517
Financial income	12.921	103.484	5.708	2.162	96.806	221.081
Financial expense (-)	(28.111)	(45.948)	(13.396)	(3.418)	(73.187)	(164.060)
PROFIT (LOSS) FROM CONTINUING OPERATIONS BEFORE TAXATION	51.302	252.081	(18.025)	29.794	150.386	465.538
Tax (expense) income from continuing operations	(13.785)	45.390	211	(8.500)	(14.672)	8.644
PROFIT (LOSS) FROM CONTINUING OPERATIONS FOR THE PERIOD	37.517	297.471	(17.814)	21.294	135.714	474.182

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6. SEGMENT REPORTING (cont’d)

b) Segment assets and liabilities:

Balance sheet	30 September 2022					
	Engineering & Contracting	Chemical Industry	Agricultural Production	Service	Investment	Total
Total assets	12.443.895	12.437.745	506.383	546.996	6.116.010	32.051.029
Current and non-current liabilities	12.830.388	8.496.839	486.355	186.617	377.996	22.378.195
Equity attributable to owners of the parent	(3.075.972)	5.455.249	(211.635)	604.835	6.737.571	9.510.048
Non-controlling interests	22.214	(22.597)	-	94	163.075	162.786

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 parent	(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

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6. SEGMENT REPORTING (cont’d)

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

	1 January - 30 September 2022					
	Engineering & Contracting	Chemical Industry	Agricultural Production	Service	Investment	Total
Capital expenditures	93.150	79.189	14.887	360.830	15.829	563.885
Depreciation and amortization expense for the period (*)	315.056	75.772	14.259	12.334	8.321	425.742
Intra-segment revenue	124.122	106.185	751	226	14.924	246.208
Inter-segment revenue	-	8.582	-	24.393	11.522	44.497
	1 July - 30 September 2022					
	Engineering & Contracting	Chemical Industry	Agricultural Production	Service	Investment	Total
Capital expenditures	25.451	36.134	5.618	87.636	13.026	167.865
Depreciation and amortization expense for the period (*)	118.328	26.269	4.632	4.095	2.722	156.046
Intra-segment revenue	55.051	41.754	165	69	5.623	102.662
Inter-segment revenue	-	1.777	-	9.509	1.913	13.199
	1 January - 30 September 2021					
	Engineering & Contracting	Chemical Industry	Agricultural Production	Service	Investment	Total
Capital expenditures	151.607	130.152	14.819	19.442	1.013	317.033
Depreciation and amortization expense for the period (*)	190.740	59.179	16.097	10.918	9.627	286.561
Intra-segment revenue	212.715	67.028	1.800	183	7.629	289.355
Inter-segment revenue	170	827	-	12.543	14.126	27.666
	1 July - 30 September 2021					
	Engineering & Contracting	Chemical Industry	Agricultural Production	Service	Investment	Total
Capital expenditures	27.480	47.323	4.529	4.632	103	84.067
Depreciation and amortization expense for the period (*)	66.534	18.170	4.838	4.086	3.033	96.661
Intra-segment revenue	41.880	22.611	476	67	2.685	67.719
Inter-segment revenue	134	304	-	4.368	3.892	8.698

(*) Depreciation expense of 2.322 is added to the cost of inventory (30 September 2021: 2.802 added from the cost of inventory).

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6. SEGMENT REPORTING (cont’d)

d) Geographical segment information is as follows:

	Turkey	CIS	Middle Eastern Countries	Other	Eliminations	Total
Revenue (1 January - 30 September 2022)	13.646.157	4.329.240	2.371.042	1.162.377	(290.705)	21.218.111
Total Assets (30 September 2022)	38.497.716	12.700.493	6.878.682	5.530.856	(31.556.718)	32.051.029
Capital Expenditures (1 January - 30 September 2022)	495.869	41.167	26.579	270	-	563.885
	Turkey	CIS	Middle Eastern Countries	Other	Eliminations	Total
Revenue (1 July - 30 September 2022)	5.261.876	1.454.428	916.201	706.321	(115.861)	8.222.965
Capital Expenditures (1 July - 30 September 2022)	147.986	6.833	13.013	33	-	167.865
	Turkey	CIS	Middle Eastern Countries	Other	Eliminations	Total
Revenue (1 January - 30 September 2021)	5.645.944	2.654.812	2.738.093	298.556	(317.021)	11.020.384
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 - 30 September 2021)	185.382	129.100	2.289	262	-	317.033
	Turkey	CIS	Middle Eastern Countries	Other	Eliminations	Total
Revenue (1 July - 30 September 2021)	1.701.075	895.487	893.902	184.795	(76.417)	3.598.842
Capital Expenditures (1 July - 30 September 2021)	63.678	19.651	734	4	-	84.067

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7. CASH AND CASH EQUIVALENTS

Time deposits with maturity of three months or less constitute the part of the cash and cash equivalents amounting to 1.765.098 (31 December 2021: 4.104.613). Demand deposits, liquid funds, and other cash equivalents with maturity of three months or less constitute the rest of the cash and cash equivalents.

8. TRADE RECEIVABLES AND PAYABLES

a) Trade Receivables:

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

	30 September 2022	31 December 2021
Short-term trade receivables		
Receivables from Contracting & Engineering segment operations	2.956.765	1.602.398
Receivables from Chemical Industry segment operations	1.129.636	445.425
Receivables from Agricultural Production segment operations	76.613	45.141
Receivables from Service segment operations	57.521	15.637
Receivables from Investment segment operations	6.641	3.649
Provision for doubtful receivables (-)	(148.354)	(157.370)
Retention receivables (Note: 9)	498.062	783.259
Due from related parties	50.326	50.462
Other	85.947	25.619
	<u>4.713.157</u>	<u>2.814.220</u>
Long-term trade receivables		
Retention receivables (Note: 9)	439.354	184.737
	<u>439.354</u>	<u>184.737</u>

Postdated cheques amounting to 806.959 (31 December 2021: 299.645), notes receivables amounting to 24.070 (31 December 2021: 25.769), positive foreign currency differences amounting to 13.075 (31 December 2021: positive 28.703), are included in short and long-term trade receivables.

Average maturity date for trade receivables varies between the segments. Average maturity date for Engineering and Contracting segment, for projects in abroad is 117 days (31 December 2021: 89 days), for domestic projects is 63 days (31 December 2021: 75 days), for Chemical Industry segment is 31 days (31 December 2021: 36 days), for Agricultural Production segment is 70 days (31 December 2021: 88 days), for Service segment is 35 days (31 December 2021: 17 days), and for Investment segment is 30 days (31 December 2021: 30 days).

As of 30 September 2022, receivables amounting 1.067.782 and 1.007.051 are obtained from two non-related clients which constitute 20,9% and 19,7% of the Group’s receivables (31 December 2021: 782.908, 26,6%).

As of 30 September 2022, 148.354 of provision for doubtful receivables is determined based on past uncollectible receivable cases encountered and future expectations (30 September 2021: 114.371).

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

	2022	2021
Provision as of 1 January	(157.370)	(101.291)
Charge for the period	(1.287)	(2.247)
Collected	139	570
Write off of bad debt	44.763	6
Currency translation effect	(34.599)	(11.409)
Provision as of 30 September	<u>(148.354)</u>	<u>(114.371)</u>

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8. TRADE RECEIVABLES AND PAYABLES (cont’d)

a) Trade Receivables (cont’d):

197 and 1.090 of doubtful receivable expense has been charged to cost of revenue and general administrative expenses respectively (2021: 1.976 and 271 of doubtful receivable expense has been charged to cost of revenue and general administrative expenses respectively).

b) Trade Payables:

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

	30 September 2022	31 December 2021
Short-term trade payables		
Payables from Contracting & Engineering segment operations	2.388.054	2.878.960
Payables from Chemical Industry segment operations	6.418.352	2.881.685
Payables from Agricultural Production segment operations	33.386	7.810
Payables from Service segment operations	73.905	59.380
Payables from Investment segment operations	6.926	8.900
Due to related parties	35.301	10.174
Retention payables (Note: 9)	1.148.215	938.814
Other	3.625	46.875
	<u>10.107.764</u>	<u>6.832.598</u>
Long-term trade payables		
Retention payables (Note: 9)	312.972	207.079
Payables from Contracting & Engineering segment operations	13.584	10.996
	<u>326.556</u>	<u>218.075</u>

Foreign currency differences amounting to 717.911 (31 December 2021: 847.574) are included in short and long-term trade payables. There are not any notes payables and postdated cheques in the current period (31 December 2021: None).

For Chemical Industry segment, payables attributable to inventory supplied through imports constitute 97% (31 December 2021: 98%) of trade payables as at balance sheet date and average payable period for these import purchases is 109 days (31 December 2021: 149 days) whereas average payable period for domestic purchases is 25 days (31 December 2021: 13 days). The average payable period for Engineering and Contracting segment is 192 days (31 December 2021: 157 days), for Agricultural Production segment is 28 days (31 December 2021: 29 days), for Service segment is 51 days (31 December 2021: 51 days), and for Investment segment is 30 days (31 December 2021: 58 days).

9. CONTRACT ASSETS AND LIABILITIES ARISING FROM ONGOING CONSTRUCTION WORKS

	30 September 2022	31 December 2021
Cost incurred on ongoing contracts	95.591.892	75.348.872
Recognised gain less losses (net)	1.386.654	624.608
	<u>96.978.546</u>	<u>75.973.480</u>
Less: Billings to date (-)	(96.051.649)	(74.567.710)
	<u>926.897</u>	<u>1.405.770</u>

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

	30 September 2022	31 December 2021
Contract assets arising from ongoing construction works	2.050.186	1.863.471
Contract liabilities arising from ongoing construction works	(1.123.289)	(457.701)
	<u>926.897</u>	<u>1.405.770</u>
	30 September 2022	31 December 2021
<u>Contract assets arising from ongoing construction works</u>		
Contracts undersigned abroad	1.831.026	1.698.489
Contracts undersigned in Turkey	219.160	164.982
	<u>2.050.186</u>	<u>1.863.471</u>
<u>Contract liabilities arising from ongoing construction works</u>		
Contracts undersigned abroad	(1.011.622)	(348.085)
Contracts undersigned in Turkey	(111.667)	(109.616)
	<u>(1.123.289)</u>	<u>(457.701)</u>
	<u>926.897</u>	<u>1.405.770</u>

The Group has 393.664 of advances given to subcontractors and other suppliers for construction projects classified in short-term prepaid expenses (31 December 2021: 182.630). Also, the Group has 1.701.473 of advances received for contracting projects classified in deferred revenue (31 December 2021: 619.984).

As of 30 September 2022, the Group has 1.461.187 of retention payables to subcontractors (31 December 2021: 1.145.893). Also, the amount of retention receivables is 937.416 (31 December 2021: 967.996) (Note: 8).

10. INVENTORIES

	30 September 2022	31 December 2021
Raw materials	1.938.317	635.195
Work in progress	2.058.991	828.928
Finished goods	401.546	98.752
Trading goods	599.664	246.376
Goods in transit	356.759	328.509
Inventory at construction sites	2.006.862	1.684.089
Other inventories	183.352	141.460
Allowance for impairment on inventory (-)	(7.139)	(11.073)
	<u>7.538.352</u>	<u>3.952.236</u>

As of 30 September 2022, there are no borrowing costs added to inventory (31 December 2021: None).

<u>Movement of allowance for impairment of inventory</u>	2022	2021
Provision as of 1 January	(11.073)	(155)
Charge for the period	(3.089)	(11.749)
Provisions released	7.023	-
Provision as of 30 September	<u>(7.139)</u>	<u>(11.905)</u>

All of impairment expense on inventory has been charged to cost of revenue (2021: All of impairment expense on inventory has been charged to cost of revenue).

TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2022**

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11. INVESTMENTS VALUED BY EQUITY METHOD

Joint Ventures	Location of foundation and operation	30 September 2022		31 December 2021		Power to appoint	Industry
		Participation Rate	Amount	Participation Rate	Amount		
H-T Fidecilik (*)	Turkey	50%	-	50%	14.212	50%	Agriculture
Azfen	Azerbaijan	40%	164.115	40%	81.413	40%	Construction
			<u>164.115</u>		<u>95.625</u>		

(*) Shares of H-T Fidecilik were sold on 19 April 2022 (Note: 1).

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

	2022	2021
Opening balance as of 1 January	95.625	115.818
Group's share on profit	41.332	93.103
Effect of the joint ventures sold	(14.373)	(91.454)
Capital increases	-	444
Currency translation effect	41.531	10.578
Closing balance as of 30 September	<u>164.115</u>	<u>128.489</u>

Group’s share on profit (loss) of joint ventures is as follows:

	1 January- 30 September 2022	1 January - 30 September 2021
H-T Fidecilik (*)	161	4.511
Azfen	41.171	88.597
Florya Gayrimenkul	-	(5)
Shares on profit of joint ventures valued by equity method	<u>41.332</u>	<u>93.103</u>

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

Information related to balance sheet:

30 September 2022	H-T		Total
	Fidecilik	Azfen	
Cash and cash equivalents	-	1.788.773	1.788.773
Other current assets	-	1.391.631	1.391.631
Non-current assets	-	641.146	641.146
Total Assets	-	3.821.550	3.821.550
Other short-term liabilities	-	3.411.263	3.411.263
Total Liabilities	-	3.411.263	3.411.263
Net Assets	-	410.287	410.287
Group's Ownership Rate	-	40%	
Group's Share on Net Assets	-	164.115	164.115

31 December 2021	H-T		Total
	Fidecilik	Azfen	
Cash and cash equivalents	1.660	1.781.757	1.783.417
Other current assets	90.050	726.679	816.729
Non-current assets	18.524	544.246	562.770
Total Assets	110.234	3.052.682	3.162.916
Short-term borrowings	44.345	-	44.345
Other short-term liabilities	28.884	2.849.149	2.878.033
Long-term borrowings	3.430	-	3.430
Other long-term liabilities	5.152	-	5.152
Total Liabilities	81.811	2.849.149	2.930.960
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

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

Information related to statement of profit or loss:

	H-T		Florya	
	Fidecilik	Azfen	Gayrimenkul (*)	Total
1 January - 30 September 2022				
Revenue	22.430	2.843.047	-	2.865.477
Depreciation and amortization expense (-)	(782)	(32.247)	-	(33.029)
Operating profit	2.461	253.133	-	255.594
Financial income	87	-	-	87
Financial expense (-)	(2.195)	-	-	(2.195)
Tax expense (-)	(30)	(150.206)	-	(150.236)
Profit for the Period	322	102.927	-	103.249
Group's Ownership Rate	50%	40%	-	
Group's Share on Profit (Loss) for the Period	161	41.171	-	41.332
1 July - 30 September 2022				
Revenue	-	1.510.554	-	1.510.554
Depreciation and amortization expense (-)	-	5.089	-	5.089
Operating profit	-	80.596	-	80.596
Financial income	-	-	-	-
Financial expense (-)	-	-	-	-
Tax expense (-)	-	(22.587)	-	(22.587)
Profit for the Period	-	58.010	-	58.010
Group's Ownership Rate	-	40%	-	
Group's Share on Profit for the Period	-	23.204	-	23.204

(*) Shares of Florya Gayrimenkul were sold on 8 July 2021.

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

Information related to statement of profit or loss (cont'd):

	H-T		Florya	
	Fidecilik	Azfen	Gayrimenkul	Total
1 January - 30 September 2021				
Revenue	110.777	2.339.267	-	2.450.044
Depreciation and amortization expense (-)	(2.393)	(17.962)	-	(20.355)
Operating profit	15.994	275.739	-	291.733
Financial income	125	-	-	125
Financial expense (-)	(4.311)	-	-	(4.311)
Tax expense	(2.785)	(54.246)	(10)	(57.041)
Profit (Loss) for the Period	9.022	221.493	(10)	230.505
Group's Ownership Rate	50%	40%	50%	
Group's Share on Profit (Loss) for the Period	4.511	88.597	(5)	93.103
	H-T		Florya	
	Fidecilik	Azfen	Gayrimenkul	Total
1 July - 30 September 2021				
Revenue	40.971	1.557.322	-	1.598.293
Depreciation and amortization expense (-)	(861)	(9.209)	-	(10.070)
Operating profit	7.838	151.700	-	159.538
Financial income	5	-	-	5
Financial expense (-)	(1.850)	-	-	(1.850)
Tax expense (-)	(1.456)	(26.958)	-	(28.414)
Profit for the Period	4.535	124.742	-	129.277
Group's Ownership Rate	50%	40%	50%	
Group's Share on Profit for the Period	2.268	49.897	-	52.165

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

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

	Property, Plant and Equipment	Other Intangible Assets	Investment Property	Right-of-use assets
Cost Value				
Opening balance as of 1 January 2022	9.353.059	219.337	209.406	124.428
Currency translation effect	2.629.474	69.587	42.805	38.297
Additions	550.818	2.273	10.794	10.372
Disposals	(446.407)	(963)	(619)	(30.136)
Transfers	(20.616)	2.291	18.325	-
Closing balance as of 30 September 2022	<u>12.066.328</u>	<u>292.525</u>	<u>280.711</u>	<u>142.961</u>
Accumulated Depreciation and Amortization				
Opening balance as of 1 January 2022	(5.911.534)	(164.325)	(41.382)	(62.234)
Currency translation effect	(1.986.881)	(61.488)	(119)	(28.588)
Charge for the period	(378.887)	(8.531)	(2.249)	(38.397)
Disposals	435.340	538	32	29.403
Transfers	6.832	-	(6.832)	-
Closing balance as of 30 September 2022	<u>(7.835.130)</u>	<u>(233.806)</u>	<u>(50.550)</u>	<u>(99.816)</u>
Carrying value as of 30 September 2022	<u>4.231.198</u>	<u>58.719</u>	<u>230.161</u>	<u>43.145</u>
Cost Value				
Opening balance as of 1 January 2021	6.319.659	127.888	175.747	95.044
Currency translation effect	765.606	19.467	13.474	7.009
Additions	314.603	2.430	-	19.126
Disposals	(132.473)	(863)	(547)	(11.532)
Allowance for impairment	(5.986)	-	-	-
Transfers	(24.752)	24.752	-	-
Closing balance as of 30 September 2021	<u>7.236.657</u>	<u>173.674</u>	<u>188.674</u>	<u>109.647</u>
Accumulated Depreciation and Amortization				
Opening balance as of 1 January 2021	(3.742.684)	(83.631)	(38.728)	(32.303)
Currency translation effect	(564.353)	(16.297)	(23)	(2.998)
Charge for the period	(255.096)	(9.298)	(2.084)	(22.885)
Disposals	121.333	533	142	11.350
Transfers	21.408	(21.408)	-	-
Closing balance as of 30 September 2021	<u>(4.419.392)</u>	<u>(130.101)</u>	<u>(40.693)</u>	<u>(46.836)</u>
Carrying value as of 30 September 2021	<u>2.817.265</u>	<u>43.573</u>	<u>147.981</u>	<u>62.811</u>

The Group management has reviewed the fair values of investment properties presented for disclosure purposes. As a result of the latest valuation studies to determine the fair value of the Group's investment properties, as of 30 September 2022, the fair value of the investment properties have been determined as 1.629.781 (30 September 2021: 630.696) in total. There are not any restrictions on the realizability of investment properties or any remittances of income and proceeds of disposal.

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

(b) Goodwill

Subsidiaries Acquired	Nature of Business	Date of Acquisition	Ratio of Shares Acquired	Acquisition Price	Goodwill
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%	93.778	39.951
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
				170.056	102.911

Breakdown of the acquisition price is as follows:

	CFS	Denkmal Dahlem	Gönen Enerji	Meram Enerji	Total
Paid in cash	8.518	93.778	42.946	24.814	170.056
Acquisition price	8.518	93.778	42.946	24.814	170.056

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

	CFS	Denkmal Dahlem	Gönen Enerji	Meram Enerji	Total
Current assets	113	493.695	19.361	20.264	533.433
Cash and cash equivalents	13	2.115	12.132	3.043	17.303
Other current assets	100	491.580	7.229	17.221	516.130
Non-current assets	538	5.861	42.252	12.898	61.549
Tangible and intangible assets	538	5.861	40.268	12.784	59.451
Other non-current assets	-	-	1.984	114	2.098
Current liabilities	932	179.949	27.746	29.697	238.324
Non-current liabilities	-	252.323	31.956	-	284.279
Net assets	(281)	67.284	1.911	3.465	72.379

Translated into English from the report originally issued in Turkish.

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

(b) Goodwill (cont’d)

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

	<u>CFS</u>	<u>Denkmal Dahlem</u>	<u>Gönen Enerji</u>	<u>Meram Enerji</u>	<u>Total</u>
Acquisition price	8.518	93.778	42.946	24.814	170.056
Non-controlling interest	-	13.457	573	3	14.033
Less: Fair value of net assets of the acquired company	281	(67.284)	(1.911)	(3.465)	(72.379)
Impairment (-)	(8.799)	-	-	-	(8.799)
Goodwill	-	39.951	41.608	21.352	102.911

Group has calculated recoverable amount of "Goodwill" and no impairment has been determined for the period ending 30 September 2022. (30 September 2021: impairment from goodwill of CFS 8.799).

Net cash outflow concerning the acquisitions 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	93.778	42.946	24.814	170.056
Less: Cash and cash equivalents of the acquired company	(13)	(2.115)	(12.132)	(3.043)	(17.303)
Net cash outflow	8.505	91.663	30.814	21.771	152.753

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 of 1 January 2022	-	32.727	41.608	21.352	95.687
Currency translation effect	-	7.224	-	-	7.224
Closing balance as of 30 September 2022	-	39.951	41.608	21.352	102.911
Opening balance as of 1 January 2021	8.799	20.079	41.608	21.352	91.838
Impairment (-)	(8.799)	-	-	-	(8.799)
Currency translation effect	-	2.910	-	-	2.910
Closing balance as of 30 September 2021	-	22.989	41.608	21.352	85.949

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13. SHORT AND LONG-TERM BORROWINGS

The Company's bank loans are reclassified as long-term whose maturities passed 30 September 2023 according to their opening dates. Annual weighted average interest rate of the existing short-term loans is 6,34% for USD, 2,15% for EUR, 19,06% for TL and 5,75% for QAR (31 December 2021: 3,12% for USD, 1,49% for EUR 18,11% for TL and 4,50% QAR). There is not any long-term loan in terms of USD, weighted average interest rate of the existing long-term loans is 2,65% for EUR and 10,19% for TL (31 December 2021: USD None, EUR 2,65%, TL 11,21%).

Within the scope of TFRS 16 Leases standard implementation, lease liabilities of 21.211 and 22.662 in the aggregate 43.873 included in short-term and long-term borrowings respectively (31 December 2021: 35.107 short-term, 27.276 long-term in the aggregate 62.383).

14. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

	30 September 2022	31 December 2021
Short-term provisions	874.227	777.228
Long-term provisions	375.056	288.417
Total provisions	<u>1.249.283</u>	<u>1.065.645</u>
Employment termination benefits provision	356.352	305.418
Unused vacation pay liability provision	115.134	113.553
Premium provision	128.233	129.780
Total provisions attributable to employee benefits	<u>599.719</u>	<u>548.751</u>
Provision for litigation	25.921	40.102
Other liability provisions	623.643	476.792
Other provisions	<u>649.564</u>	<u>516.894</u>
Total provisions	<u>1.249.283</u>	<u>1.065.645</u>

	Employment Termination Benefits Provision	Unused Vacation Pay Liability Provision	Premium Provision	Total Provisions Attributable to Employee Benefits
Opening balance as of 1 January 2022	305.418	113.553	129.780	548.751
Currency translation effect	61.084	30.585	31.373	123.042
Charge for the period	85.127	38.144	64.113	187.384
Interest expense	3.550	-	-	3.550
Provision paid during the period	(97.678)	(65.206)	(28.833)	(191.717)
Provision released	(1.658)	(1.942)	(68.200)	(71.800)
Actuarial loss	509	-	-	509
Closing balance as of 30 September 2022	<u>356.352</u>	<u>115.134</u>	<u>128.233</u>	<u>599.719</u>
Opening balance as of 1 January 2021	170.019	66.325	26.620	262.964
Currency translation effect	22.407	9.261	4.896	36.564
Charge for the period	58.069	30.062	81.689	169.820
Interest expense	2.608	-	-	2.608
Provision paid during the period	(41.164)	(22.576)	(16.328)	(80.068)
Provision released	(141)	(1.463)	(12.953)	(14.557)
Actuarial gain	(10.623)	-	-	(10.623)
Closing balance as of 30 September 2021	<u>201.175</u>	<u>81.609</u>	<u>83.924</u>	<u>366.708</u>

Termination benefit pay calculated as of 30 September 2022 is subject to upper limit of 15.371,40 Turkish Lira (31 December 2021: 10.848,59 Turkish Lira).

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

	Provision for Litigation	Other Liability Provisions	Total Other Provisions
Opening balance as of 1 January 2022	40.102	476.792	516.894
Currency translation effect	1.543	192.301	193.844
Charge for the period	4.142	125.903	130.045
Provision paid during the period	(884)	-	(884)
Provision released	(18.982)	(171.353)	(190.335)
Closing balance as of 30 September 2022	<u>25.921</u>	<u>623.643</u>	<u>649.564</u>
Opening balance as of 1 January 2021	14.651	438.515	453.166
Currency translation effect	2.022	65.424	67.446
Charge for the period	11.432	7.131	18.563
Provision paid during the period	(492)	(32)	(524)
Provision released	(1.007)	(269.842)	(270.849)
Closing balance as of 30 September 2021	<u>26.606</u>	<u>241.196</u>	<u>267.802</u>

Litigations:

As of 30 September 2022, lawsuit filed against the Group is totally 370.680 (31 December 2021: 137.016) and it has been decided to accrue 25.921 (31 December 2021: 40.102) of provision for lawsuits that might have high probability of potential outflow from the Group upon the consultation of legal advisors. Based on the legal advice of lawyers, there is no risk of outflow of resources for cases which no provision is made for.

Libya Arbitration Claim

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

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

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

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

Litigations (cont’d):

Libya Arbitration Claim (cont’d)

In accordance with the Memorandum of Understanding (MoU), which took effect on 13 August 2020 and 24 September 2020, for the settlement of the issues arising from the contracts of Turkish companies with the employer administrations in Libya between the Republic of Turkey and the Government of National Accord of the Libyan State, it is foreseen that the contractors will apply by letter to the Administrations within 90 days and start negotiations for the future of the projects. In this context, the employer MMRA has started to be more actively involved in the negotiations with the entry into force of the MoU.

In this process, the Employer MMRA formed a four-person commission to discuss the terms of termination and Tekfen TML J.V.’s demands. 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, and the approval of the Libyan authorities is awaited for the finalization of the liquidation and payment terms.

15. COMMITMENTS

The guarantee, pledge and mortgage (“GPM”) position tables of the Group as of 30 September 2022 and 31 December 2021 are as follows:

	Equivalent of Thousands TL	<i>Thousands of US Dollars</i>	<i>Thousands of EUR</i>	<i>Other (Equivalent of Thousands TL)</i>
30 September 2022				
A. GPM given on behalf of its own legal entity	2.115	-	-	2.115
-Guarantee	2.115	-	-	2.115
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
B. GPM given on behalf of subsidiaries that are included in full consolidation	36.705.359	1.456.268	73.122	8.448.280
-Guarantee	36.705.359	1.456.268	73.122	8.448.280
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
C. GPM given in order to guarantee third parties’ debts for the routine trade operations	4.800	-	-	4.800
-Guarantee	4.800	-	-	4.800
-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	-	-	-	-
Total as of 30 September 2022	36.712.274	1.456.268	73.122	8.455.196

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15. COMMITMENTS (cont'd)

31 December 2021	Equivalent of Thousands TL	<i>Thousands of US Dollars</i>	<i>Thousands of EUR</i>	<i>Other (Equivalent of Thousands TL)</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	-	-	-	-
Total as of 31 December 2021	22.295.230	1.148.801	87.130	6.107.396

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

16. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

Transactions with related parties are distinct and measurable. Transactions with related parties during the nine-month interim period ended 30 September 2022 consist of sales of goods and services amounting 47.177 (30 September 2021: 17.183), dividend income amounting 13.902 (30 September 2021: 8.752) and other net expenses amounting 238 (30 September 2021: 368 other expenses). The remuneration of key management during the period is 26.519 (30 September 2021: 23.458).

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17. EQUITY

Capital / Capital Structure Adjustment

The capital structure as of 30 September 2022 and 31 December 2021 is as follows:

Shareholders	(%)	30 September 2022	(%)	31 December 2021
Berker family	23,55%	87.122	22,55%	83.422
Gökyiğit family	20,30%	75.108	22,32%	82.595
Akçağlılar family	6,65%	24.611	6,65%	24.611
Other (*)	0,00%	-	0,49%	1.799
Publicly traded	49,50%	183.159	47,99%	177.573
Paid in capital	100%	370.000	100%	370.000
Capital structure adjustment		3.475		3.475
Restated capital		<u>373.475</u>		<u>373.475</u>

(*)Indicates the total of shareholders with shares less than 5% of the capital. As of 30 September 2022, the shares are transferred from non-public to the publicly traded.

18. EARNINGS PER SHARE

	1 January- 30 September 2022	1 July- 30 September 2022	1 January - 30 September 2021	1 July- 30 September 2021
Average number of ordinary shares outstanding during the period (in full)	370.000.000	370.000.000	370.000.000	370.000.000
Net profit for the period attributable to owners of the parent (Thousands TL)	1.813.145	735.537	1.192.533	463.185
Earnings per share from continuing operations (TL)	4,900	1,988	3,223	1,252

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19. OTHER OPERATING INCOME AND EXPENSES

	1 January- 30 September 2022	1 July- 30 September 2022	1 January - 30 September 2021	1 July- 30 September 2021
Other operating income				
Foreign exchange income from operations	1.202.840	345.464	271.820	114.076
Hedging income (Note: 21)	686.096	322.361	10.970	5.399
Due date difference income	90.254	40.403	51.423	8.951
Discount income	83.782	29.515	11.718	6.484
Rental income	87.770	49.635	6.382	4.307
Indemnity income	9.159	2.984	2.367	1.476
Social security premium refund income	6.694	2.567	5.035	2.325
Scrap sales income	2.530	284	2.928	1.518
Government grants and incentives income	3.241	822	4.105	926
Reversal of litigation provision (Note: 14)	1.396	376	1.007	673
Other income	30.011	7.141	21.375	2.067
	<u>2.203.773</u>	<u>801.552</u>	<u>389.130</u>	<u>148.202</u>
	1 January- 30 September 2022	1 July- 30 September 2022	1 January - 30 September 2021	1 July- 30 September 2021
Other operating expenses (-)				
Foreign exchange losses from operations	(2.607.703)	(876.340)	(533.607)	(160.832)
Discount expenses	(58.392)	(36)	(10.109)	(2.710)
Due date difference expenses	(42.516)	(38.509)	(199)	(32)
Litigation provision (Note: 14)	(4.142)	(2.963)	(2.485)	(1.781)
Hedging expenses (Note: 21)	(2.088)	(624)	(7.186)	(6.465)
Penalty and damages expenses	(1.371)	(14)	(2.114)	(129)
Grants and contributions	(1.342)	(106)	(7.869)	(533)
Damages subject to litigation	(74)	(6)	(102)	-
Other expenses	(22.110)	(11.677)	(16.804)	(4.303)
	<u>(2.739.738)</u>	<u>(930.275)</u>	<u>(580.475)</u>	<u>(176.785)</u>

20. FINANCIAL INCOME AND EXPENSES

	1 January- 30 September 2022	1 July- 30 September 2022	1 January - 30 September 2021	1 July- 30 September 2021
Financial income				
Foreign exchange gains	1.264.780	246.004	640.952	180.023
Interest income	95.389	29.258	105.152	39.102
Currency translation reserve gains	54.050	22.577	18.692	1.959
Other financial income	68	(158)	468	(3)
	<u>1.414.287</u>	<u>297.681</u>	<u>765.264</u>	<u>221.081</u>
	1 January- 30 September 2022	1 July- 30 September 2022	1 January - 30 September 2021	1 July- 30 September 2021
Financial expenses (-)				
Foreign exchange losses	(462.862)	(28.579)	(300.566)	(115.192)
Interest expenses	(291.013)	(122.596)	(108.973)	(36.831)
Swap expense accrual (Note: 21)	(143.791)	(44.764)	(9.814)	(9.814)
Currency translation reserve losses	(8.486)	(950)	(4.613)	(670)
Other financial expenses	(67.271)	(41.804)	(5.305)	(1.553)
	<u>(973.423)</u>	<u>(238.693)</u>	<u>(429.271)</u>	<u>(164.060)</u>

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21. DERIVATIVE INSTRUMENTS

	30 September 2022		31 December 2021	
	Assets	Liabilities	Assets	Liabilities
Forward foreign exchange contracts	83.913	196.916	249.886	-
Foreign exchange swap	-	221.453	-	198.465
Current	83.913	418.367	249.886	198.465
Non-current	-	-	-	-
	<u>83.913</u>	<u>418.367</u>	<u>249.886</u>	<u>198.465</u>

Currency derivatives:

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

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

	30 September 2022	31 December 2021
Forward foreign exchange contracts	3.239.523	861.756
	<u>3.239.523</u>	<u>861.756</u>

As of 30 September 2022, the fair value of the Toros Tarım’s currency derivatives is estimated to be 83.913 assets and 196.916 liabilities which is negative 113.003 (31 December 2021: assets 249.886, positive 249.886). 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 2021: 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 negative 86.994 has been deferred in equity (31 December 2021: positive 192.376). There are no ineffective cash flow hedges for the period (30 September 2021: effective positive 5.792). Gains amounting to 686.096 and expenses amounting to 2.088 concerning matured derivative contracts during the period have been recognized in profit or loss (30 September 2021: Gains amounting to 10.970 and expenses amounting to 7.186 concerning matured derivative contracts during the period have been recognized in profit or 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 30 September 2022, the fair value of the Tekfen Construction’s swap transactions is estimated to be 221.453 liabilities which is negative 221.453 (31 December 2021: 198.465 liabilities, negative 198.465). The fair value hierarchy classification of swap transactions is Level 2 (31 December 2021: Level 2). As of 30 September 2022, in the amount of 143.791 expense accrual related to swap transactions have been recognized in profit or loss (30 September 2021: 9.814).

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22. FOREIGN CURRENCY POSITION

30 September 2022	Equivalent of Thousands of TL	Thousands of US Dollars	Thousands of EUR	Thousands of GBP	Other (Equivalent of Thousands of TL)
1. Trade Receivables	2.305.950	48.423	5.375	-	1.313.603
2. Monetary Financial Assets	4.488.053	231.246	5.907	12	103.011
3. Other	268.127	3.365	7.811	-	65.864
4. CURRENT ASSETS	7.062.130	283.034	19.093	12	1.482.478
5. Trade Receivables	236.075	-	2.671	-	188.202
6. Monetary Financial Assets	141.724	7.606	-	-	984
7. Other	58.921	845	2.414	-	19
8. NON-CURRENT ASSETS	436.720	8.451	5.085	-	189.205
9. TOTAL ASSETS	7.498.850	291.485	24.178	12	1.671.683
10. Trade Payables	6.719.693	336.968	7.514	66	348.510
11. Financial Liabilities	993.262	-	4.022	-	921.175
12. Monetary Other Liabilities	1.371.465	28.044	25.846	-	389.301
12b. Non-Monetary Other Liabilities	111.721	4.425	1.665	-	-
13. CURRENT LIABILITIES	9.196.141	369.437	39.047	66	1.658.986
14. Trade Payables	2.121	84	12	-	352
15. Financial Liabilities	253.703	-	14.155	-	-
16. Monetary Other Liabilities	80.658	518	-	-	71.073
17. NON-CURRENT LIABILITIES	336.482	602	14.167	-	71.425
18. TOTAL LIABILITIES	9.532.623	370.039	53.214	66	1.730.411
19. Net Position of Off-balance Sheet Derivative Instruments (19a-19b)	4.706.553	254.356	-	-	-
19a. Derivative Assets	4.706.553	254.356	-	-	-
19b. Derivative Liabilities	-	-	-	-	-
20. Net Foreign Currency Assets / Liabilities Position	2.672.780	175.802	(29.036)	(54)	(58.728)
21. Monetary Items Net Foreign Currency Assets / Liabilities position (1+2+5+6-10-11-12-14-15-16)	(2.249.100)	(78.339)	(37.596)	(54)	(124.611)
22. Fair Value of Derivative Instruments Held for Hedging	(113.003)	(6.107)	-	-	-

Translated into English from the report originally issued in Turkish.

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(Amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

22. FOREIGN CURRENCY POSITION (cont’d)

31 December 2021	Equivalent of Thousands of TL	Thousands of US Dollars	Thousands of EUR	Thousands of GBP	Other (Equivalent of Thousands of TL)
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. Net Position of Off-balance Sheet Derivative Instruments (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	-	-	-

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22. FOREIGN CURRENCY POSITION (cont'd)

Foreign currency sensitivity

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

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

	30 September 2022	
	Profit / (Loss)	
	Appreciation of foreign currencies	Depreciation of foreign currencies
	If US Dollars changes 5% against TL	
US Dollars net assets / liabilities	162.650	(162.650)
	If Euro changes 5% against TL	
Euro net assets / liabilities	(26.021)	26.021
	If other foreign currencies changes 5% against TL	
Other foreign currency assets / liabilities	(2.990)	2.990
TOTAL	133.639	(133.639)
	31 December 2021	
	Profit / (Loss)	
	Appreciation of foreign currencies	Depreciation of foreign currencies
	If US Dollars change 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 change 5% against TL	
Other foreign currency net assets / liabilities	(41.840)	41.840
TOTAL	22.770	(22.770)

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23. FINANCIAL INSTRUMENTS

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

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

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

There are 2.921.743 KKM in short-term financial investments. The relevant amount is presented at fair value (31 December 2021: None). The fair value hierarchy is shown as Level 2.

Except for the financial investments mentioned above, Eurobonds amounting to 165.599 are shown in short-term financial investments and 140.747 in long-term financial investments. Related financial assets are classified as financial assets measured at amortized cost (31 December 2021: short-term financial investments 51.845, none long-term).

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

	30 September 2022	Fair value level as of reporting date		
		Level 1	Level 2	Level 3
Financial instruments				
Fair value through other comprehensive income financial investments	1.520.441	226.404	-	1.294.037
Fair value through profit or loss financial investments	1.092.073	14.612	-	1.077.461
Derivative instruments	83.913	-	83.913	-
Total	2.696.427	241.016	83.913	2.371.498
Financial liabilities				
Derivative instruments	418.367	-	418.367	-
Total	418.367	-	418.367	-
	31 December 2021	Fair value level as of reporting date		
		Level 1	Level 2	Level 3
Financial instruments				
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	-
Total	2.116.171	249.742	249.886	1.616.543
Financial liabilities				
Derivative instruments	198.465	-	198.465	-
Total	198.465	-	198.465	-

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

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(Amounts are expressed in thousands of Turkish Lira (“TL”) unless otherwise stated.)

23. 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 2022	78.885	713.301	170.857	903.242	1.866.285
Transfers	12.447	(12.447)	-	-	-
Additions	-	76.668	-	12.398	89.066
Fair value increase (decrease)	(99.091)	(9.676)	55.547	(4.759)	(57.979)
Currency translation effect	22.371	309.615	-	383.156	715.142
Closing balance as at 30 September 2022	14.612	1.077.461	226.404	1.294.037	2.612.514

	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	-	124.681	-	-	124.681
Fair value increase (decrease)	46.109	202.263	(110.020)	5.448	143.800
Disposals	-	(155.389)	-	-	(155.389)
Currency translation effect	9.324	64.904	-	163.715	237.943
Closing balance as at 30 September 2021	80.031	461.609	145.236	1.079.079	1.765.955

The following methods have been used in measuring the fair values of the significant financial investment of the Group: whose fair value hierarchy are level three:

Non-traded fair value through other comprehensive income financial investments

SOCAR Polymer Investments LLC

The fair value of the financial investment and the basic assumptions used in valuation were reviewed by independent valuation company in the period, thus the amount stated in the balance sheet was found to be within the updated range of values.

Valuation Method	30 September 2022 Fair Value	Unobservable Inputs	Relation Between Unobservable Inputs and Fair Value Measurement
Income Approach, Discounted Cash Flow	1.075.071	Weighted average cost of capital ratio: 11,1%	If the weighted average cost of capital ratio is increased to 12,1%, the estimated fair value decreases by 129.527; If it is decreased to 10,1%, the estimated fair value increases by 160.983.

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23. FINANCIAL INSTRUMENTS (cont’d)

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

<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.

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

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

Non-traded fair value through profit or loss financial investments

<i>Industry</i>	<i>Valuation Method</i>	<i>30 September 2022 Fair Value</i>	<i>Unobservable Inputs</i>	<i>Relation Between Unobservable Inputs and Fair Value Measurement</i>
<i>Contracting</i>	Equivalent value	74.813	Valuation multiplier: 1,16	If the average valuation multiplier is increased by 10%, the estimated fair value increases by 17.574, in case of a 10% decrease, the estimated fair value decreases by 17.574.
	Held at cost	120.275	Valuation multiplier: 1,00	
<i>Agriculture</i>	Equivalent value	623.585	Valuation multiplier: 1,11 - 2,21	If the average valuation multiplier is increased by 10%, the estimated fair value increases by 56.176, in case of a 10% decrease, the estimated fair value decreases by 56.176.
<i>Other</i>	Equivalent value	258.788	Valuation multiplier: 0,58 - 3,32	If the average valuation multiplier is increased by 10%, the estimated fair value increases by 23.313, in case of a 10% decrease, the estimated fair value decreases by 23.313.
	Held at cost		Valuation multiplier: 1,00	

<i>Industry</i>	<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>
<i>Contracting</i>	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.
<i>Agriculture</i>	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	
<i>Other</i>	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.

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23. FINANCIAL INSTRUMENTS (cont’d)

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

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

	Fair value through profit or loss financial investments (Level 3)			
	Contracting	Agriculture	Other	Total
Opening balance as at 1 January 2022	103.822	402.346	207.133	713.301
Transfers (Level 1)	-	-	(12.447)	(12.447)
Additions	31.724	37.012	7.932	76.668
Fair value change	8.613	5.774	(24.063)	(9.676)
Currency translation effect	50.929	178.453	80.233	309.615
Closing balance as at 30 September 2022	195.088	623.585	258.788	1.077.461
	Contracting	Agriculture	Other	Total
Opening balance as at 1 January 2021	11.012	128.130	110.606	249.748
Transfers	-	-	(24.598)	(24.598)
Additions	57.481	61.894	5.306	124.681
Fair value change	-	195.156	7.107	202.263
Disposals	-	(155.389)	-	(155.389)
Currency translation effect	2.254	44.381	18.269	64.904
Closing balance as at 30 September 2021	70.747	274.172	116.690	461.609

24. SUBSEQUENT EVENTS

After the balance sheet date, there is positive change of 35.502 in the fair value of one of the Group’s fair value through other comprehensive income financial investment.