

**TEKFEN HOLDİNG ANONİM ŐİRKETİ
AND ITS SUBSIDIARIES**

CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE THREE MONTH
INTERIM PERIOD
ENDED 31 MARCH 2023

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

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TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2023**

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

ASSETS	Notes	Unreviewed 31 March 2023	Audited 31 December 2022
Current Assets		22.003.136	22.403.234
Cash and cash equivalents	7	5.544.253	4.151.531
Financial investments	4	1.183.715	1.769.033
Trade receivables	8	4.637.334	4.152.329
- Related party receivables		45.229	66.136
- Trade receivables		4.592.105	4.086.193
Other receivables		118.810	109.294
- Related party receivables		12.290	-
- Other receivables		106.520	109.294
Contract assets arising from ongoing construction works	9	2.768.341	2.355.436
Derivative instruments	21	-	8.528
Inventories	10	5.614.447	7.930.873
Prepaid expenses		734.801	624.229
- Prepaid expenses		734.801	624.229
Assets related to current tax		462.745	428.389
Other current assets		555.077	500.317
- Other current assets		555.077	500.317
		21.619.523	22.029.959
Assets classified as held for sale		383.613	373.275
Non-Current Assets		10.098.886	9.784.131
Financial investments	4, 23	2.078.141	2.063.412
Trade receivables	8	373.650	353.134
- Trade receivables		373.650	353.134
Other receivables		61.369	59.399
- Other receivables		61.369	59.399
Investments valued by equity method	11	1.120.479	1.054.172
Investment property	12	233.143	230.733
Property, plant and equipment	12	4.642.379	4.455.013
Right-of-use assets	12	126.425	106.019
Intangible assets	12	165.955	165.607
- Goodwill		109.328	107.395
- Other intangible assets		56.627	58.212
Prepaid expenses		44.462	46.948
- Prepaid expenses		44.462	46.948
Deferred tax assets		1.156.533	1.163.260
Other non-current assets		96.350	86.434
- Other non-current assets		96.350	86.434
TOTAL ASSETS		32.102.022	32.187.365

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

Translated into English from the report originally issued in Turkish.

TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2023

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

LIABILITIES	Notes	Unreviewed 31 March 2023	Audited 31 December 2022
Current Liabilities		18.836.782	18.287.702
Short-term borrowings	13	2.917.009	2.533.011
Short-term portion of long-term borrowings		196.238	191.296
Trade payables	8	9.784.005	10.566.301
- <i>Related party payables</i>		3.527	8.963
- <i>Trade payables</i>		9.780.478	10.557.338
Payables related to employee benefits		288.388	171.487
Other payables		305.106	236.511
- <i>Related party payables</i>		166	7.728
- <i>Other payables</i>		304.940	228.783
Contract liabilities arising from ongoing construction works	9	1.063.412	1.057.846
Derivative instruments	21	239.556	353.686
Deferred revenue		2.764.205	2.109.775
- <i>Deferred revenue</i>		2.764.205	2.109.775
Current tax liability		680.797	385.978
Short-term provisions	14	589.289	678.634
- <i>Short-term provisions attributable to employee benefits</i>		193.594	267.169
- <i>Other short-term provisions</i>		395.695	411.465
Other short-term liabilities		8.777	3.177
- <i>Other short-term liabilities</i>		8.777	3.177
Non-Current Liabilities		2.904.098	3.309.463
Long-term borrowings	13	2.022.340	1.997.225
Trade payables	8	32.569	359.085
- <i>Trade payables</i>		32.569	359.085
Other payables		138.302	202.179
- <i>Other payables</i>		138.302	202.179
Deferred revenue		226	226
- <i>Deferred revenue</i>		226	226
Long-term provisions	14	433.476	491.372
- <i>Long-term provisions attributable to employee benefits</i>		433.476	491.353
- <i>Other long-term provisions</i>		-	19
Deferred tax liabilities		277.185	259.376
TOTAL LIABILITIES		21.740.880	21.597.165
EQUITY		10.361.142	10.590.200
Equity Attributable To Owners Of The Parent	5, 17	10.208.952	10.428.977
Paid in capital		370.000	370.000
Capital structure adjustment		3.475	3.475
Premiums in capital stock		300.984	300.984
Accumulated other comprehensive income (loss) that will not be reclassified to profit or loss		(1.136.717)	(1.085.526)
- <i>Loss on investments in equity instruments (-)</i>		(1.029.802)	(967.393)
- <i>Loss on revaluation and remeasurement (-)</i>		(106.915)	(118.133)
Accumulated other comprehensive income that will be reclassified to profit or loss		3.321.137	3.130.480
- <i>Currency translation reserve</i>		3.512.745	3.406.555
- <i>Hedging reserve</i>		(191.608)	(276.075)
Legal reserves		665.120	571.038
Prior years' income		7.044.444	3.665.188
Net profit or loss for the period		(359.491)	3.473.338
Non-controlling Interests		152.190	161.223
TOTAL LIABILITIES AND EQUITY		32.102.022	32.187.365

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 STATEMENT OF PROFIT OR LOSS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2023**

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

	Notes	Unreviewed 1 January- 31 March 2023	Unreviewed 1 January - 31 March 2022
Revenue	6	9.253.906	5.295.826
Cost of revenue (-)		(8.467.200)	(4.995.101)
GROSS PROFIT		786.706	300.725
General administrative expenses (-)		(285.714)	(184.756)
Marketing expenses (-)		(415.622)	(140.222)
Research and development expenses (-)		(10.868)	(5.379)
Other operating income	19	273.628	602.164
Other operating expenses (-)	19	(526.872)	(785.419)
Share on profit (loss) of investments valued by equity method	11	40.423	35.041
OPERATING PROFIT (LOSS)		(138.319)	(177.846)
Investment income	4	133.754	190.244
Investment expense (-)	4	(15.882)	(48.993)
PROFIT (LOSS) BEFORE FINANCIAL INCOME (EXPENSE)		(20.447)	(36.595)
Financial income	20	133.931	730.608
Financial expenses (-)	20	(147.687)	(527.837)
PROFIT (LOSS) FROM CONTINUING OPERATIONS BEFORE TAXATION		(34.203)	166.176
Tax Expense from Continuing Operations (-)		(339.379)	(67.125)
Tax (expense) income for the period	4	(335.801)	19.023
Deferred tax expense (-)		(3.578)	(86.148)
PROFIT (LOSS) FROM CONTINUING OPERATIONS FOR THE PERIOD		(373.582)	99.051
Distribution of Profit (Loss) for the Period			
Non-controlling interests		(14.091)	(6.384)
Owners of the parent	18	(359.491)	105.435
Earnings (Loss) Per Share	18	(0,972)	0,285

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TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2023**

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

	Unreviewed 1 January- 31 March 2023	Unreviewed 1 January - 31 March 2022
PROFIT (LOSS) FOR THE PERIOD	(373.582)	99.051
OTHER COMPREHENSIVE INCOME:		
<u>Items that will not be reclassified to profit or loss</u>	(51.191)	(21.937)
Loss on investments in equity instruments (-)	(64.322)	(20.092)
Gain on revaluation of defined benefit plans	14.023	553
Taxes based on other comprehensive income that will not be reclassified to profit or loss	(892)	(2.398)
- <i>Deferred tax expense</i>	(892)	(2.398)
<u>Items that will be reclassified to profit or loss</u>	195.715	209.331
Currency translation reserve differences	111.248	257.559
Other comprehensive income (expense) related to cash flow hedging	105.584	(62.634)
Taxes based on other comprehensive income that will be reclassified to profit or loss	(21.117)	14.406
- <i>Deferred tax (expense) income</i>	(21.117)	14.406
OTHER COMPREHENSIVE INCOME	144.524	187.394
TOTAL COMPREHENSIVE INCOME (EXPENSE)	(229.058)	286.445
Distribution of Total Comprehensive Income (Expense) for The Period		
Non-controlling interests	(9.033)	9.990
Owners of the parent	(220.025)	276.455

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TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2023

(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						
	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	Non- controlling interests	Equity
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	-	-	-	-	-	-	-	163.118	676.110	(839.228)	-	-	-
Total comprehensive income (loss)	-	-	-	(22.379)	442	241.185	(48.228)	-	-	105.435	276.455	9.990	286.445
- Profit (loss) for the period	-	-	-	-	-	-	-	-	-	105.435	105.435	(6.384)	99.051
- Other comprehensive income (expense)	-	-	-	(22.379)	442	241.185	(48.228)	-	-	-	171.020	16.374	187.394
Dividends	-	-	-	-	-	-	-	-	(274.164)	-	(274.164)	-	(274.164)
Other changes	-	-	-	-	-	-	-	-	(4.118)	-	(4.118)	-	(4.118)
Closing balance as of 31 March 2022	370.000	3.475	300.984	(385.365)	4.036	2.819.054	144.148	560.834	3.671.209	105.435	7.593.810	139.813	7.733.623
Unreviewed													
Opening balance as of 1 January 2023	370.000	3.475	300.984	(967.393)	(118.133)	3.406.555	(276.075)	571.038	3.665.188	3.473.338	10.428.977	161.223	10.590.200
Transfers	-	-	-	-	-	-	-	94.082	3.379.256	(3.473.338)	-	-	-
Total comprehensive income (loss)	-	-	-	(62.409)	11.218	106.190	84.467	-	-	(359.491)	(220.025)	(9.033)	(229.058)
- Profit (loss) for the period	-	-	-	-	-	-	-	-	-	(359.491)	(359.491)	(14.091)	(373.582)
- Other comprehensive income (expense)	-	-	-	(62.409)	11.218	106.190	84.467	-	-	-	139.466	5.058	144.524
Closing balance as of 31 March 2023	370.000	3.475	300.984	(1.029.802)	(106.915)	3.512.745	(191.608)	665.120	7.044.444	(359.491)	10.208.952	152.190	10.361.142

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TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2023

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

Notes	Unreviewed 1 January - 31 March 2023	Unreviewed 1 January - 31 March 2022
A. CASH FLOWS FROM OPERATING ACTIVITIES	1.300.435	(2.686.028)
Profit for the Period	(373.582)	99.051
Adjustments to Reconcile Net Profit	409.859	90.010
- Depreciation and Amortization	12 134.461	121.515
- Impairment/Reversed Provision	10 (7.599)	(7.023)
- Provision Adjustments	8, 14 7.614	42.987
- Dividend Income and Expenses	(19.844)	(11.663)
- Interest Income and Expense Adjustments	20 75.687	41.698
- Gain/Loss on Fair Valuation	4,23 (46.459)	(126.352)
- Group's Share on Profit of Investments in Associates Accounted by Equity Method	11 (40.423)	(35.041)
- Allowance for Taxation	339.379	67.125
- Adjustments for Gain/Loss on Sale of Fixed Assets	12 (32.957)	(3.236)
Movements in Working Capital	1.542.203	(2.695.157)
- Changes in Financial Investments	4 622.776	(1.882.833)
- Changes in Trade Receivables	8 (497.238)	(1.791.375)
- Changes in Other Assets	(76.162)	(61.502)
- Changes in Contract Assets Arising from Ongoing Construction Works	9 (412.905)	230.880
- Changes in Inventories	10 2.323.739	(1.243.799)
- Changes in Prepaid Expenses	(103.964)	(192.250)
- Changes in Trade Payables	8 (1.108.820)	1.132.089
- Changes in Payables Related to Employee Benefits	116.901	21.212
- Changes in Contract Liabilities Arising from Ongoing Construction Works	9 5.566	432.698
- Changes in Other Liabilities	17.880	89.856
- Changes in Deferred Revenue	654.430	569.867
Cash Generated by Operating Activities	1.578.480	(2.506.096)
Interest Paid	(55.498)	(22.066)
Interest Received	26.240	29.282
Payments Related to Employee Benefits	14 (173.278)	(61.936)
Other Provision Paid	14 (170)	(199)
Tax Paid/Return	(75.339)	(125.013)
B. CASH FLOWS FROM INVESTING ACTIVITIES	(227.986)	(205.414)
Cash Outflows for Acquisition of Shares in Other Entities or Shares in Funds or Borrowing Instruments	4,23 -	(35.582)
Proceeds from Sales of Tangible and Intangible Assets	12 36.989	4.592
Acquisition of Tangible and Intangible Assets	12 (260.853)	(170.873)
Proceeds from Sales of Investment Properties	12 -	1.400
Advances and Debts Given	(4.122)	(4.951)
C. CASH FLOWS FROM FINANCING ACTIVITIES	267.428	829.440
Proceeds from Borrowings	1.586.169	1.219.679
Repayments of Borrowings	(1.306.738)	(374.668)
Payments of Lease Obligations	(12.003)	(15.571)
CHANGE IN CASH AND CASH EQUIVALENTS BEFORE CURRENCY TRANSLATION RESERVE EFFECT	1.339.877	(2.062.002)
D. CURRENCY TRANSLATION RESERVE EFFECT ON CASH AND CASH EQUIVALENTS	52.845	242.873
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)	1.392.722	(1.819.129)
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	4.151.531	5.064.108
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)	5.544.253	3.244.979

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TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2023

(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 31 March 2023, the Group has 10.612 employees (31 December 2022: 11.950) 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.

Approval of condensed consolidated financial statements:

The condensed consolidated financial statements are approved and published by the Board of Directors as of 27 April 2023.

2. BASIS OF PRESENTATION OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

The Group has preferred to disclose its interim consolidated financial statements as of 31 March 2023 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 2022 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 2022.

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 31 March 2023.

Exchange rates used in the consolidation process as of 31 March 2023 are; 1 USD= 19,1460 TL, 1 EUR= 20,8021 TL, 1 AZN= 11,2624 TL, 1 SAR= 5,1056 TL, 1 QAR= 5,2455 TL, 1 RON= 4,1798 (Exchange rates as of 31 December 2022 are; 1 USD= 18,6983 TRY, 1 EUR= 19,9349 TRY, 1 AZN= 10,9990 TRY, 1 SAR= 4,9862 TRY, 1 QAR= 5,1228 TRY, 1 RON= 4,0062).

TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2023

(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:**
- 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.
- (b) **Standards, amendments and interpretations to existing standards that are effective as of the year 2023, but not affecting the condensed consolidated financial statements of 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 12 (amendments), “Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction”, effective for annual periods beginning after 1 January 2023.
- (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:**
- TAS 1 (amendments), “Classification of Liabilities”, effective for annual periods beginning after 1 January 2024.
 - TFRS 16 (amendments), “Sale and Leaseback Transactions” effective for annual periods beginning after 1 January 2024.

The Group evaluates the effects of the standards issued but not yet effective as of 31 March 2023 on its consolidated financial position and performance.

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

Construction Projects

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

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

Current information about related projects is as follows;

Qatar - Al-Thumama Stadium Project:

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 held in Qatar, were undertaken. The financial completion rate of the project is 96% 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 has been an increase in the end-of-project cost and Group share of this increase has been included in the consolidated financial statements. No income has been recorded in the consolidated financial statements as no agreement has been reached on compensation claims as of the report date. Negotiations with the administration for the compensation of the losses incurred in the project continue as of the report date.

TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2023

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

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

Construction Projects (cont'd)

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 financial completion rate of the project is 98% 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.

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 financial completion rate of the project is 94% as of the balance sheet date.

All of the loss expected to increase in the estimated costs of the project as of the report date has been included in the consolidated financial statements. Due to the additional work done and the additional cost increases, negotiations concerning additional income demand are in progress within the scope of the contract signed with the Employer administration.

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

Rusfen, one of the subsidiaries of the Group, signed a contract with Kharampurneftegaz LLC on 27 December 2019, for the construction and installation of 90 km length 48 "gas pipeline. The financial completion rate of the project is 97% 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. In the second winter of the project, the project activities were completed within the framework of the work program despite the fact that the necessary weather conditions were not fully formed, the construction activities in the project could not be carried out for a while and the delays in the materials provided by the employer administration. As a result of the Group's recognition of the region and conditions better, the measures taken to reduce costs in the last period and the developed business -making methods, the end of project costs have been reduced slightly. As a result of the intensive negotiations with the employer administration in 2021 and 2022, some of the Group's requests were met with the amendment protocol signed as dated 12 August 2022. As of the report date, all of the expected loss at the end of the project is included in the accompanying consolidated financial statements. Negotiations with the employer administration regarding the compensation of our remaining losses are continue.

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

Competition Authority Review

The Competition Authority, with its decision dated 12 August 2021 and numbered 21-38/543-M, started to investigate seven companies operating in the fertilizer production sector, including Toros Tarım Sanayi ve Ticaret A.Ş. (Toros Tarım), whether Article 4 of the Law on the Protection of Competition No. 4054 is violated.

Investigation notification numbered E-13183850-110.01.04-30821 indicating that an investigation has been initiated reached the Toros Tarım on 26 August 2021. Within the scope of the investigation, written defenses dated 29 September 2021, 11 October 2022 and 16 January 2023 were submitted to the Competition Authority by Toros Tarım. The oral defense date, which was determined as 14 March 2023, was postponed to an indefinite date due to the earthquake in Kahramanmaraş. The Competition Board’s decision expected to be published within fifteen days after the oral defense.

As of 31 March 2023, Toros Tarım management did not consider it necessary to book any provision in the accompanying consolidated financial statements related to the said investigation, in line with the opinion of independent lawyers and the “TAS 37 Provisions, Contingent Liabilities and Contingent Assets” standard.

Financial Investments

Long term financial investments

During the three month interim period ended 31 March 2023, the positive change of 5.278 and negative change of 15.721 in the fair value of the Group's fair value through profit or loss financial investments has been recognized in the investment income and expenses lines of condensed consolidated statement of profit or loss (31 March 2022: 5.068 positive, 47.412 negative). The Group has not purchased financial investments at fair value through profit or loss during the period. (31 March 2022: 23.184).

31 March 2023, the total amount of Eurobond accounts included in the long term financial investments is 19.443 (31 December 2022: None).

Short term financial investments

The currency protected deposits (KKM) are classified as fair value through profit or loss financial investments in the condensed consolidated financial statements as of 31 March 2023. The positive changes in the fair value of KKM amounting to 56.901 are recognized in the investment income in the condensed consolidated statement of profit or loss (31 March 2022: 168.701 positive). Total amount of KKM is presented in short-term financial investments as of 31 March 2023 is 1.037.393 (31 December 2022: 1.596.161).

As of 31 March 2023, the Eurobond total shown in short-term financial investments is 146.322 (31 December 2022: 171.464).

Other

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 20% for the corporate earnings for the 2023 taxation period. In the consolidated financial statements as of 31 March 2023, 20% 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.

Due to the negativities caused by the earthquakes that took place in Kahramanmaraş on February 6, 2023, affecting many of our provinces and shaking our whole country, in accordance with the Official Gazette numbered 32098 on Wednesday, February 8, 2023, Adana, Adıyaman, Diyarbakır, Gaziantep, Hatay, Kahramanmaraş, Kilis, Malatya, Osmaniye, Şanlıurfa and Elazığ provinces, it was decided to declare a state of emergency for three months. Since the earthquake experienced and the measures taken, the economic effects in the provinces exposed to the earthquake are uncertain as of the reporting date, the developments regarding the natural disaster in question are closely monitored and studies for due diligence are ongoing. As of the report date, there are no negative situations affecting our activities.

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

Other (cont’d)

In the event of an earthquake disaster that occurred in Kahramanmaraş and directly affected eleven provinces, the Group urgently opened a cash and/or in-kind donation emergency use fund of 10.000, 3.000 of which is cash to AFAD. It has been decided to work on creating an additional joint fund by all group companies to be used in medium and long-term projects in order to meet the priority needs, especially accommodation, that will emerge in the following time. In addition, the accommodation needs of all group companies employees affected in the region were met, and a cash aid of 10.000 TL was provided. At the Ordinary General Assembly meeting held on 7 April 2023, the donations made until this date was submitted for the information of the shareholders within the framework of the Capital Markets Board's decision dated 9 February 2023 and numbered 8/174.

In accordance with paragraph 27 of Article 10 of the “Law on the Restructuring of Certain Receivables and Amendments to Certain Laws” published in the Official Gazette dated March 12, 2023 and numbered 32130, by corporate taxpayers by being shown in their corporate tax return for the year 2022, Pursuant to the Law No. 5520 and the regulations in other laws, the exemption and deduction amounts subject to deduction from corporate income and the tax base subject to reduced corporate tax within the scope of Article 32/A of the same Law, at the rate of 10 percent without being associated with the period income and in accordance with the first paragraph of Article 5 (a) With the exception set out in the clause, it is stipulated that a one-time additional tax of 5% is collected on the exempt earnings obtained from abroad and proven to carry a tax burden of at least 15%. This tax will not be considered as an expense or deduction and cannot be deducted from any tax. The first installment of this tax will be paid within the payment period of the corporate tax, and the second installment will be paid in the fourth month following this period. Some exceptions and discounts listed in the Law No. 7440 are outside the scope of additional tax. The tax expense amounting to an estimated amount of 298.633 accrued has been accounted for under the current tax expense item in the condensed consolidated statement of profit or loss.

5. SIGNIFICANT CHANGES IN EQUITY

Gain (Loss) on Investments in Equity Instruments:

The negative change of 62.409 in the fair values of the fair value through other comprehensive income financial investments of the Group has been directly recognized in equity (31 March 2022: negative change of 22.379).

Legal Reserves:

In accordance with the resolutions taken during the Ordinary General Assemblies of Group companies as of 31 March 2023, 94.082 of legal reserves were transferred from retained earnings in the condensed consolidated financial statements as of 31 March 2023 (31 March 2022: 163.118).

Hedging Reserve:

The positive change of 84.467 (31 March 2022: negative 48.228) in the fair values of the effective derivative instruments which the Group uses for cash flow hedging has been recognized in equity.

Profit Distribution:

Upon the resolution of the Ordinary General Assembly held on 7 April 2023, it is decided to distribute 2,82 TL (2021: 0,69 TL) gross cash dividends per share share attributable to the operations of the year of 2022. It has been decided to pay a total of 1.115.505 (2021: 274.164) dividends in two equal installments on 12 April 2023 and 10 May 2023, 1.042.582 (2021: 256.688) to the shareholders and 72.923 (2021: 17.476) to the Tekfen Eğitim Sağlık Kültür Sanat ve Doğal Varlıkları Koruma Vakfı, which holds redeemed shares.

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6. SEGMENT REPORTING

a) Segment results:

	1 January - 31 March 2023					
	Engineering & Contracting	Chemical Industry	Agricultural Production	Service	Investment	Total
Revenue	2.883.291	5.873.417	19.682	444.043	33.473	9.253.906
Cost of revenue (-)	(2.705.424)	(5.404.991)	(6.900)	(342.852)	(7.033)	(8.467.200)
GROSS PROFIT	177.867	468.426	12.782	101.191	26.440	786.706
General administrative expenses (-)	(160.799)	(42.505)	(1.912)	(11.906)	(68.592)	(285.714)
Marketing expenses (-)	(9.048)	(392.400)	(7.133)	(7.041)	-	(415.622)
Research and development expenses (-)	(4.070)	(4.441)	(2.357)	-	-	(10.868)
Other operating income	151.998	112.975	2.880	5.181	594	273.628
Other operating expenses (-)	(135.417)	(373.693)	(2.550)	(13.723)	(1.489)	(526.872)
Share on profit of investments valued by equity method	40.423	-	-	-	-	40.423
OPERATING PROFIT (LOSS)	60.954	(231.638)	1.710	73.702	(43.047)	(138.319)
Investment income	32.726	21.673	2	22.048	57.305	133.754
Investment expense (-)	(135)	-	-	-	(15.747)	(15.882)
PROFIT (LOSS) BEFORE FINANCIAL INCOME (EXPENSES)	93.545	(209.965)	1.712	95.750	(1.489)	(20.447)
Financial income	2.399	23.196	6.263	6.439	95.634	133.931
Financial expenses (-)	(89.071)	(45.030)	(9.672)	(2.509)	(1.405)	(147.687)
PROFIT (LOSS) FROM CONTINUING OPERATIONS BEFORE TAXATION	6.873	(231.799)	(1.697)	99.680	92.740	(34.203)
Tax expense from continuing operations	(24.580)	(224.588)	(3.134)	(16.726)	(70.351)	(339.379)
PROFIT (LOSS) FROM CONTINUING OPERATIONS FOR THE PERIOD	(17.707)	(456.387)	(4.831)	82.954	22.389	(373.582)

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

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6. SEGMENT REPORTING (cont’d)

a) Segment results (cont’d):

	1 January - 31 March 2022					
	Engineering & Contracting	Chemical Industry	Agricultural Production	Service	Investment	Total
Revenue	1.964.148	3.043.564	20.533	245.391	22.190	5.295.826
Cost of revenue (-)	(2.435.135)	(2.362.898)	(16.294)	(175.646)	(5.128)	(4.995.101)
GROSS PROFIT (LOSS)	(470.987)	680.666	4.239	69.745	17.062	300.725
General administrative expenses (-)	(112.600)	(31.393)	(3.066)	(6.783)	(30.914)	(184.756)
Marketing expenses (-)	(4.481)	(129.842)	(4.445)	(1.454)	-	(140.222)
Research and development expenses (-)	(1.621)	(2.415)	(1.343)	-	-	(5.379)
Other operating income	263.086	316.437	1.836	20.357	448	602.164
Other operating expenses (-)	(246.963)	(525.955)	(1.872)	(9.701)	(928)	(785.419)
Share on profit of investments valued by equity method	34.880	-	161	-	-	35.041
OPERATING PROFIT (LOSS)	(538.686)	307.498	(4.490)	72.164	(14.332)	(177.846)
Investment income	2.514	3.869	8	4.244	179.609	190.244
Investment expense (-)	-	(1.581)	-	-	(47.412)	(48.993)
PROFIT (LOSS) BEFORE FINANCIAL INCOME (EXPENSES)	(536.172)	309.786	(4.482)	76.408	117.865	(36.595)
Financial income	73.621	137.916	644	6.661	511.766	730.608
Financial expenses (-)	(85.782)	(58.637)	(13.877)	(5.292)	(364.249)	(527.837)
PROFIT (LOSS) FROM CONTINUING OPERATIONS BEFORE TAXATION	(548.333)	389.065	(17.715)	77.777	265.382	166.176
Tax (expense) income from continuing operations	(92.990)	(56.205)	(2.237)	(18.062)	102.369	(67.125)
PROFIT (LOSS) FROM CONTINUING OPERATIONS FOR THE PERIOD	(641.323)	332.860	(19.952)	59.715	367.751	99.051

For the three month interim period ended 31 March 2022, revenue amounting 810.380 was obtained from a single non-related client of Engineering and Contracting segment which constitute 15,3% of the Group’s revenue.

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6. SEGMENT REPORTING (cont’d)

b) Segment assets and liabilities:

Balance sheet	31 March 2023					
	Engineering & Contracting	Chemical Industry	Agricultural Production	Service	Investment	Total
Total assets	13.784.925	11.813.620	437.870	1.295.567	4.770.040	32.102.022
Current and non-current liabilities	12.637.041	7.534.448	236.176	888.425	444.790	21.740.880
Equity attributable to owners of the parent	(1.004.722)	5.960.835	(238.376)	602.470	4.888.745	10.208.952
Non-controlling interests	27.062	(51.864)	-	88	176.904	152.190

Balance sheet	31 December 2022					
	Engineering & Contracting	Chemical Industry	Agricultural Production	Service	Investment	Total
Total assets	13.423.202	12.814.440	611.508	646.882	4.691.333	32.187.365
Current and non-current liabilities	12.324.405	8.193.913	404.200	232.411	442.236	21.597.165
Equity attributable to owners of the parent	(856.928)	6.122.920	(217.731)	724.069	4.656.647	10.428.977
Non-controlling interests	25.828	(37.814)	-	119	173.090	161.223

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6. SEGMENT REPORTING (cont’d)

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

	1 January - 31 March 2023					
	Engineering & Contracting	Chemical Industry	Agricultural Production	Service	Investment	Total
Capital expenditures	166.737	57.615	7.190	29.083	227	260.852
Depreciation and amortization expense for the period (*)	86.569	30.195	7.056	7.416	3.225	134.461
Intra-segment revenue	139.019	74.195	292	92	5.927	219.525
Inter-segment revenue	-	6.248	-	10.698	37.351	54.297

	1 January - 31 March 2022					
	Engineering & Contracting	Chemical Industry	Agricultural Production	Service	Investment	Total
Capital expenditures	15.749	13.661	4.118	136.670	675	170.873
Depreciation and amortization expense for the period (*)	91.020	18.178	5.051	4.370	2.896	121.515
Intra-segment revenue	33.293	33.153	407	79	4.373	71.305
Inter-segment revenue	-	1.662	-	6.917	4.782	13.361

(*) Depreciation expense of 286 is deducted to the cost of inventory (31 March 2022: 8.502 added to the cost of inventory).

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6. SEGMENT REPORTING (cont’d)

d) Geographical segment information is as follows:

	Turkey	CIS	Middle Eastern Countries	Other	Eliminations	Total
Revenue (1 January - 31 March 2023)	6.786.955	944.374	1.535.177	261.222	(273.822)	9.253.906
Total Assets (31 March 2023)	41.027.777	12.520.104	7.395.264	5.648.619	(34.489.742)	32.102.022
Capital Expenditures (1 January - 31 March 2023)	108.359	6.249	146.244	-	-	260.852

	Turkey	CIS	Middle Eastern Countries	Other	Eliminations	Total
Revenue (1 January - 31 March 2022)	3.653.630	1.285.289	324.476	117.097	(84.666)	5.295.826
Total Assets (31 December 2022)	40.454.370	12.598.332	7.086.867	5.633.752	(33.585.956)	32.187.365
Capital Expenditures (1 January - 31 March 2022)	157.143	13.453	153	124	-	170.873

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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 1.753.266 (31 December 2022: 2.135.768). Demand deposits, liquid funds, and other cash equivalents with maturity of three months or less constitute the rest of the cash and cash equivalents.

8. TRADE RECEIVABLES AND PAYABLES

a) Trade Receivables:

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

	31 March 2023	31 December 2022
<u>Short-term trade receivables</u>		
Receivables from Contracting & Engineering segment operations	2.233.255	2.578.439
Receivables from Chemical Industry segment operations	1.707.915	899.535
Receivables from Agricultural Production segment operations	74.582	67.395
Receivables from Service segment operations	77.617	37.534
Receivables from Investment segment operations	3.410	380
Provision for doubtful receivables (-)	(161.034)	(157.027)
Retention receivables (Note: 9)	613.518	601.921
Due from related parties	45.229	66.136
Other	42.842	58.016
	<u>4.637.334</u>	<u>4.152.329</u>
<u>Long-term trade receivables</u>		
Retention receivables (Note: 9)	373.650	353.134
	<u>373.650</u>	<u>353.134</u>

Postdated cheques amounting to 1.191.496 (31 December 2022: 746.184), notes receivables amounting to 34.606 (31 December 2022: 26.932), negative foreign currency differences amounting to 14.103 (31 December 2022: positive 12.689), are included in short and long-term trade receivables. There are no due date differences included in short and long-term trade receivables (31 December 2022: None).

Average maturity date for trade receivables varies between the segments. Average maturity date for Engineering and Contracting segment, for projects in abroad is 108 days (31 December 2022: 103 days), for domestic projects is 88 days (31 December 2022: 72 days), for Chemical Industry segment is 30 days (31 December 2022: 38 days), for Agricultural Production segment is 89 days (31 December 2022: 84 days), for Service segment is 39 days (31 December 2022: 21 days), and for Investment segment is 30 days (31 December 2022: 30 days).

As of 31 March 2023, receivables amounting 1.129.135 was obtained from a single non-related client which constitute 22,7% of the Group's receivables (31 December 2022: 1.097.386, 24,7%).

As of 31 March 2023, 161.034 of provision for doubtful receivables was determined based on past uncollectible receivable cases encountered and future expectations (31 March 2022: 174.238).

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

	2023	2022
Provision as of 1 January	(157.027)	(157.370)
Charge for the period	653	(637)
Collected	42	-
Write off of bad debt	191	-
Currency translation effect	(4.893)	(16.231)
Provision as of 31 March	<u>(161.034)</u>	<u>(174.238)</u>

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8. TRADE RECEIVABLES AND PAYABLES (cont’d)

a) Trade Receivables (cont’d):

All of doubtful receivable expense has been charged to general administrative expenses (2022: All 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:

	31 March 2023	31 December 2022
Short-term trade payables		
Payables from Contracting & Engineering segment operations	2.685.264	2.746.951
Payables from Chemical Industry segment operations	5.503.344	6.548.184
Payables from Agricultural Production segment operations	9.332	19.692
Payables from Service segment operations	117.846	109.911
Payables from Investment segment operations	7.126	12.014
Due to related parties	3.527	8.963
Retention payables (Note: 9)	1.453.488	1.116.912
Other	4.078	3.674
	<u>9.784.005</u>	<u>10.566.301</u>
Long-term trade payables		
Retention payables (Note: 9)	16.444	343.850
Payables from Contracting & Engineering segment operations	16.125	15.235
	<u>32.569</u>	<u>359.085</u>

Foreign currency differences amounting to 226.663 (31 December 2022: 348.211) are included in short and long-term trade payables.

For Chemical Industry segment, payables attributable to inventory supplied through imports constitute 96% (31 December 2022: 94%) of trade payables as at balance sheet date and average payable period for these import purchases is 72 days (31 December 2022: 92 days) whereas average payable period for domestic purchases is 27 days (31 December 2022: 29 days). The average payable period for Engineering and Contracting segment is 199 days (31 December 2022: 194 days), for Agricultural Production segment is 30 days (31 December 2022: 29 days), for Service segment is 39 days (31 December 2022: 40 days), and for Investment segment is 33 days (31 December 2022: 41 days).

9. CONTRACT ASSETS AND LIABILITIES ARISING FROM ONGOING CONSTRUCTION WORKS

	31 March 2023	31 December 2022
Cost incurred on ongoing contracts	101.464.398	99.855.438
Recognised gain less losses (net)	1.000.014	1.072.351
	<u>102.464.412</u>	<u>100.927.789</u>
Less: Billings to date (-)	(100.759.483)	(99.630.199)
	<u>1.704.929</u>	<u>1.297.590</u>

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

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

	31 March 2023	31 December 2022
Contract assets arising from ongoing construction works	2.768.341	2.355.436
Contract liabilities arising from ongoing construction works	(1.063.412)	(1.057.846)
	<u>1.704.929</u>	<u>1.297.590</u>
	31 March 2023	31 December 2022
<u>Contract assets arising from ongoing construction works</u>		
Contracts undersigned abroad	2.547.525	2.182.356
Contracts undersigned in Turkey	220.816	173.080
	<u>2.768.341</u>	<u>2.355.436</u>
<u>Contract liabilities arising from ongoing construction works</u>		
Contracts undersigned abroad	(867.908)	(914.906)
Contracts undersigned in Turkey	(195.504)	(142.940)
	<u>(1.063.412)</u>	<u>(1.057.846)</u>
	<u>1.704.929</u>	<u>1.297.590</u>

The Group has 372.882 of advances given to subcontractors and other suppliers for construction projects classified in short-term prepaid expenses (31 December 2022: 323.679). Also, the Group has 1.772.008 of advances received for contracting projects classified in deferred revenue (31 December 2022: 1.656.205).

As of 31 March 2023, the Group has 1.469.932 of retention payables to subcontractors (31 December 2022: 1.460.762). Also, the amount of retention receivables is 987.168 (31 December 2022: 955.055) (Note: 8).

10. INVENTORIES

	31 March 2023	31 December 2022
Raw materials	704.302	1.646.871
Work in progress	1.075.962	1.901.283
Finished goods	139.921	499.969
Trading goods	408.336	1.046.002
Goods in transit	1.100.796	833.941
Inventory at construction sites	1.967.990	1.810.050
Other inventories	220.643	203.859
Allowance for impairment on inventory (-)	(3.503)	(11.102)
	<u>5.614.447</u>	<u>7.930.873</u>

For the three month interim period ended 31 March 2023, there are no borrowing costs added to inventory (31 December 2022: None).

<u>Movement of allowance for impairment of inventory</u>	2023	2022
Provision as of 1 January	(11.102)	(11.073)
Provision released	7.599	7.023
Provision as of 31 March	<u>(3.503)</u>	<u>(4.050)</u>

All of reversal of impairment on inventory has been deducted from cost of revenue (2022: All of reversal of impairment on inventory has been deducted from cost of revenue).

TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2023**

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

11. INVESTMENTS VALUED BY EQUITY METHOD

Joint Ventures	Location of foundation and operation	31 March 2023		31 December 2022		Power to appoint	Industry
		Participation Rate	Amount	Participation Rate	Amount		
Azfen	Azerbaijan	40%	1.120.479	40%	1.054.172	40%	Construction

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

	2023	2022
Opening balance as of 1 January	1.054.172	95.625
Group’s share on profit	40.423	35.041
Currency translation effect	25.884	12.280
Closing balance as of 31 March	<u>1.120.479</u>	<u>142.946</u>

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

	1 January- 31 March 2023	1 January - 31 March 2022
H-T Fidecilik (*)	-	161
Azfen	40.423	34.880
Shares on profit of joint ventures valued by equity method	<u>40.423</u>	<u>35.041</u>

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

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

Information related to balance sheet:

<u>Azfen</u>	<u>31 March 2023</u>	<u>31 December 2022</u>
Cash and cash equivalents	1.743.671	1.780.287
Other current assets	1.548.698	1.463.307
Non-current assets	283.868	285.963
Total Assets	3.576.237	3.529.557
Other short-term liabilities	749.363	894.120
Other long-term liabilities	25.676	7
Total Liabilities	775.039	894.127
Net Assets	2.801.198	2.635.430
Group's Ownership Rate	40%	40%
Group's Share on Net Assets	<u>1.120.479</u>	<u>1.054.172</u>

Information related to statement of profit or loss:

<u>1 January - 31 March 2023</u>	<u>H-T Fidencilik</u>	<u>Azfen</u>	<u>Total</u>
Revenue	-	624.608	624.608
Depreciation and amortization expense (-)	-	(11.121)	(11.121)
Operating profit	-	126.328	126.328
Tax expense (-)	-	(25.270)	(25.270)
Profit for the period	-	101.058	101.058
Group's Ownership Rate	-	40%	
Group's Share on Profit for the Period	-	<u>40.423</u>	<u>40.423</u>

<u>1 January - 31 March 2022</u>	<u>H-T Fidencilik</u>	<u>Azfen</u>	<u>Total</u>
Revenue	22.430	897.118	919.548
Depreciation and amortization expense (-)	(782)	(22.254)	(23.036)
Operating profit	2.461	87.199	89.660
Financial income	87	-	87
Financial expense (-)	(2.195)	-	(2.195)
Tax expense (-)	(30)	-	(30)
Profit for the period	322	87.199	87.521
Group's Ownership Rate	50%	40%	
Group's Share on Profit for the Period	<u>161</u>	<u>34.880</u>	<u>35.041</u>

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

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 2023	12.206.868	296.102	281.995	152.197
Currency translation effect	211.475	5.736	3.360	2.615
Additions	259.947	905	-	28.052
Disposals	(178.122)	-	-	(4.263)
Closing balance as of 31 March 2023	12.500.168	302.743	285.355	178.601
Accumulated Depreciation and Amortization				
Opening balance as of 1 January 2023	(7.751.855)	(237.890)	(51.262)	(46.178)
Currency translation effect	(159.499)	(5.125)	(10)	(230)
Charge for the period	(120.529)	(3.101)	(940)	(9.605)
Disposals	174.094	-	-	3.837
Closing balance as of 31 March 2023	(7.857.789)	(246.116)	(52.212)	(52.176)
Carrying value as of 31 March 2023	4.642.379	56.627	233.143	126.425
Cost Value				
Opening balance as of 1 January 2022	9.353.059	219.337	209.406	124.428
Currency translation effect	813.041	20.988	12.897	18.675
Additions	170.626	247	-	2.859
Disposals	(11.631)	(122)	(543)	(10.643)
Transfers	(1.055)	1.055	-	-
Closing balance as of 31 March 2022	10.324.040	241.505	221.760	135.319
Accumulated Depreciation and Amortization				
Opening balance as of 1 January 2022	(5.911.534)	(164.325)	(41.382)	(62.234)
Currency translation effect	(612.549)	(18.477)	(35)	(13.962)
Charge for the period	(114.614)	(2.651)	(661)	(12.092)
Disposals	9.390	122	28	10.643
Closing balance as of 31 March 2022	(6.629.307)	(185.331)	(42.050)	(77.645)
Carrying value as of 31 March 2022	3.694.733	56.174	179.710	57.674

The fair value of the Group’s investment property has been determined based on a valuation carried out by independent experts which have no relation to the Group and are accredited by Capital Market Board. Valuation work has been concluded based on fair value of similar properties. The fair value of the investment properties as of 31 March 2023 is 1.934.036 (31 March 2022: 964.248) according to the valuation carried out by independent experts. There are not any restrictions on the realizability of investment property or any remittances of income and proceeds of disposal.

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

(b) Goodwill

Subsidiaries Acquired	Nature of Business	Date of Acquisition	Ratio of Shares Acquired	Acquisition Price	Goodwill
Denkmal in Dahlem Otto-Hahn-Platz GmbH	Engineering & Contracting	30 July 2019	80%	108.841	46.368
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
				176.601	109.328

Breakdown of the acquisition price is as follows:

	Denkmal Dahlem	Gönen Enerji	Meram Enerji	Total
Paid in cash	108.841	42.946	24.814	176.601
Acquisition price	108.841	42.946	24.814	176.601

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

	Denkmal Dahlem	Gönen Enerji	Meram Enerji	Total
Current assets	572.994	19.361	20.264	612.619
Cash and cash equivalents	2.455	12.132	3.043	17.630
Other current assets	570.539	7.229	17.221	594.989
Non-current assets	6.802	42.252	12.898	61.952
Tangible and intangible assets	6.802	40.268	12.784	59.854
Other non-current assets	-	1.984	114	2.098
Current liabilities	208.853	27.746	29.697	266.296
Non-current liabilities	292.852	31.956	-	324.808
Net assets	78.091	1.911	3.465	83.467

Translated into English from the report originally issued in Turkish.

TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

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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>Denkmal Dahlem</u>	<u>Gönen Enerji</u>	<u>Meram Enerji</u>	<u>Total</u>
Acquisition price	108.841	42.946	24.814	176.601
Non-controlling interest	15.618	573	3	16.194
Less: Fair value of net assets of the acquired company	(78.091)	(1.911)	(3.465)	(83.467)
Goodwill	46.368	41.608	21.352	109.328

The Group has calculated the recoverable amount of the goodwill and has not identified any impairment for the year ended 31 March 2023 (31 March 2022: None). The discounted cash flow method has been used in calculating the recoverable amounts of the cash generating units to which the goodwill is distributed, and the cash flows expected to be obtained in the future are discounted to the present using appropriate discount factors.

Net cash outflow concerning the acquisitions is as follows:

	<u>Denkmal Dahlem</u>	<u>Gönen Enerji</u>	<u>Meram Enerji</u>	<u>Total</u>
Paid in cash	108.841	42.946	24.814	176.601
Less: Cash and cash equivalents of the acquired company	(2.455)	(12.132)	(3.043)	(17.630)
Net cash outflow	106.386	30.814	21.771	158.971

Movement of Goodwill is as follows:

	<u>Denkmal Dahlem</u>	<u>Gönen Enerji</u>	<u>Meram Enerji</u>	<u>Total</u>
Opening balance as of 1 January 2023	44.435	41.608	21.352	107.395
Currency translation effect	1.933	-	-	1.933
Closing balance as of 31 March 2023	46.368	41.608	21.352	109.328
Opening balance as of 1 January 2022	32.727	41.608	21.352	95.687
Currency translation effect	3.625	-	-	3.625
Closing balance as of 31 March 2022	36.352	41.608	21.352	99.312

Translated into English from the report originally issued in Turkish.

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13. SHORT AND LONG-TERM BORROWINGS

The Company's bank loans are reclassified as long-term whose maturities passed 31 March 2024 according to their opening dates. Annual weighted average interest rate of the existing short-term loans is 8,22% for USD, 3,31% for EUR, 15,00% for TL and 7,5% for QAR (31 December 2022: 5,65% for USD, 2,77% for EUR, 15,03% for TL and 6,50% QAR). Annual weighted average interest rate of the existing long-term loans is 7,5% for USD, 2,65% for EUR and 10,19% for TL (31 December 2022: 6,65% for USD, EUR 2,65%, TL 10,19%).

Within the scope of TFRS 16 Leases standard implementation, lease liabilities of 92.128 and 37.694 in the aggregate 129.822 included in short-term and long-term borrowings respectively (31 December 2022: 89.171 short-term, 21.364 long-term, in the aggregate 110.535).

14. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

	31 March 2023	31 December 2022
Short-term provisions	589.289	678.634
Long-term provisions	433.476	491.372
Total provisions	<u>1.022.765</u>	<u>1.170.006</u>
Employment termination benefits provision	408.115	488.888
Unused vacation pay liability provision	140.410	124.724
Premium provision	78.545	144.910
Total provisions attributable to employee benefits	<u>627.070</u>	<u>758.522</u>
Provision for litigation	27.643	27.429
Other liability provisions	368.052	384.055
Other provisions	<u>395.695</u>	<u>411.484</u>
Total provisions	<u>1.022.765</u>	<u>1.170.006</u>

	Employment Termination Benefits Provision	Unused Vacation Pay Liability Provision	Premium Provision	Total Provisions Attributable to Employee Benefits
Opening balance as of 1 January 2023	488.888	124.724	144.910	758.522
Currency translation effect	4.732	2.376	1.687	8.795
Charge for the period	10.879	39.185	47.497	97.561
Interest expense	6.614	-	-	6.614
Provision paid during the period	(102.248)	(25.716)	(45.314)	(173.278)
Provision released	-	(159)	(70.235)	(70.394)
Actuarial gain	(750)	-	-	(750)
Closing balance as of 31 March 2023	<u>408.115</u>	<u>140.410</u>	<u>78.545</u>	<u>627.070</u>
Opening balance as of 1 January 2022	305.418	113.553	129.780	548.751
Currency translation effect	22.119	10.599	10.283	43.001
Charge for the period	14.891	14.925	34.869	64.685
Interest expense	1.612	-	-	1.612
Provision paid during the period	(20.932)	(14.198)	(26.806)	(61.936)
Provision released	(1.658)	(2.109)	(48.144)	(51.911)
Actuarial loss	509	-	-	509
Closing balance as of 31 March 2022	<u>321.959</u>	<u>122.770</u>	<u>99.982</u>	<u>544.711</u>

Monthly termination benefit pay calculated as of 31 March 2023 is subject to upper limit of 19.982,83 Turkish Lira (31 December 2022: 19.982,83 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 2023	27.429	384.055	411.484
Currency translation effect	352	9.310	9.662
Charge for the period	391	3.114	3.505
Provision paid during the period	(170)	-	(170)
Provision released	(359)	(28.427)	(28.786)
Closing balance as of 31 March 2023	<u>27.643</u>	<u>368.052</u>	<u>395.695</u>
Opening balance as of 1 January 2022	40.102	476.792	516.894
Currency translation effect	1.798	62.771	64.569
Charge for the period	534	152.927	153.461
Provision paid during the period	(199)	-	(199)
Provision released	(47)	(125.450)	(125.497)
Closing balance as of 31 March 2022	<u>42.188</u>	<u>567.040</u>	<u>609.228</u>

Litigations:

As of 31 March 2023, lawsuit filed against the Group is totally 1.425.996 (31 December 2022: 1.102.880) and it has been decided to accrue 27.643 (31 December 2022: 27.429) of provision for lawsuits that might have high probability of potential outflow from the Group upon the consultation of legal advisors. Based on the legal advice of lawyers, there is no risk of outflow of resources for cases which no provision is made for.

Libya Arbitration Claim

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

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

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

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

Litigations (cont’d):

Libya Arbitration Claim (cont’d)

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

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, mortgage and bill of guarantee (“GPMB”) position tables of the Group as of 31 March 2023 and 31 December 2022 are as follows:

31 March 2023	Equivalent of Thousands TL	Thousands of US Dollars	Thousands of EUR	Other (Equivalent of Thousands TL)
A. CPMB given on behalf of its own legal entity	2.098	-	-	2.098
<i>-Collateral</i>	2.098	-	-	2.098
<i>-Pledge</i>	-	-	-	-
<i>-Mortgage</i>	-	-	-	-
<i>-Bill of guarantee</i>	-	-	-	-
B. CPMB given on behalf of subsidiaries that are included in full consolidation	30.993.447	1.087.749	79.494	8.513.759
<i>-Collateral</i>	11.157.016	354.456	79.485	2.717.143
<i>-Pledge</i>	-	-	-	-
<i>-Mortgage</i>	-	-	-	-
<i>-Bill of guarantee</i>	19.836.431	733.293	9	5.796.616
C. CPMB given in order to guarantee third parties' debts for the routine trade operations	4.800	-	-	4.800
<i>-Collateral</i>	767	-	-	767
<i>-Pledge</i>	-	-	-	-
<i>-Mortgage</i>	-	-	-	-
<i>-Bill of guarantee</i>	4.033	-	-	4.033
D. Total amounts of other CPMB given	-	-	-	-
i. Total amount of CPMB given on behalf of parent company	-	-	-	-
ii. Total amount of CPMB given on behalf of other group companies that are not included group B and C	-	-	-	-
iii. Total amount of CPMB given on behalf of third parties that are not included group C	-	-	-	-
Total as of 31 March 2023	31.000.345	1.087.749	79.494	8.520.657

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15. COMMITMENTS (cont'd)

31 December 2022	Equivalent of Thousands TL	<i>Thousands of US Dollars</i>	<i>Thousands of EUR</i>	<i>Other (Equivalent of Thousands TL)</i>
A. CPMB given on behalf of its own legal entity	2.098	-	-	2.098
<i>-Collateral</i>	2.098	-	-	2.098
<i>-Pledge</i>	-	-	-	-
<i>-Mortgage</i>	-	-	-	-
<i>-Bill of guarantee</i>	-	-	-	-
B. CPMB given on behalf of subsidiaries that are included in full consolidation	31.826.725	1.173.534	70.214	8.483.925
<i>-Collateral</i>	10.683.395	345.581	70.199	2.822.204
<i>-Pledge</i>	-	-	-	-
<i>-Mortgage</i>	-	-	-	-
<i>-Bill of guarantee</i>	21.143.330	827.953	15	5.661.721
C. CPMB given in order to guarantee third parties' debts for the routine trade operations	4.800	-	-	4.800
<i>-Collateral</i>	767	-	-	767
<i>-Pledge</i>	-	-	-	-
<i>-Mortgage</i>	-	-	-	-
<i>-Bill of guarantee</i>	4.033	-	-	4.033
D. Total amounts of other CPMB given	-	-	-	-
i. Total amount of CPMB given on behalf of parent company	-	-	-	-
ii. Total amount of CPMB given on behalf of other group companies that are not included group B and C	-	-	-	-
iii. Total amount of CPMB given on behalf of third parties that are not included group C	-	-	-	-
Total as of 31 December 2022	31.833.623	1.173.534	70.214	8.490.823

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

16. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

Transactions with related parties are distinct and measurable. Transactions with related parties during the three month interim period ended 31 March 2023 consist of sales of goods and services amounting 6.382 (31 March 2022: 8.536), dividend income amounting 19.844 (31 March 2022: 11.663) and other net expenses amounting 149 (31 March 2022: 62 other expense). The remuneration of key management during the period is 18.712 (31 March 2022: 7.303).

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17. EQUITY

Capital / Capital Structure Adjustment

The capital structure as of 31 March 2023 and 31 December 2022 is as follows:

Shareholders	(%)	31 March 2023	(%)	31 December 2022
Berker family	22,55%	87.122	23,55%	87.122
Gökyiğit family	22,32%	74.233	20,06%	74.233
Akçağlılar family	6,65%	24.611	6,65%	24.611
Publicly traded	47,99%	184.034	49,74%	184.034
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>

18. EARNINGS PER SHARE

	1 January- 31 March 2023	1 January - 31 March 2022
Average number of ordinary shares outstanding during the period (in full)	370.000.000	370.000.000
Net profit for the period attributable to owners of the parent (Thousands TL)	(359.491)	105.435
Earnings (loss) per share from continuing operations (TL)	(0,972)	0,285

TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2023**

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

19. OTHER OPERATING INCOME AND EXPENSES

	1 January- 31 March 2023	1 January - 31 March 2022
Other operating income		
Foreign exchange income from operations	164.138	345.830
Due date difference income	53.587	23.285
Rental income	10.787	18.502
Hedging income (Note: 21)	8.493	175.590
Discount income	5.594	21.931
Social security premium refund income	3.189	1.657
Scrap sales income	1.101	1.007
Government grants and incentives income	883	927
Indemnity income	541	90
Reversal of litigation provision (Note: 14)	359	47
Other income	24.956	13.298
	<u>273.628</u>	<u>602.164</u>
	1 January- 31 March 2023	1 January - 31 March 2022
Other operating expenses (-)		
Foreign exchange losses from operations	(262.088)	(746.823)
Hedging expenses (Note: 21)	(220.708)	-
Due date difference expenses	(21.261)	-
Discount expenses	(14.338)	(24.672)
Grants and contributions	(1.148)	(278)
Litigation provision (Note: 14)	(391)	(534)
Penalty and damages expenses	(125)	(141)
Other expenses	(6.813)	(12.971)
	<u>(526.872)</u>	<u>(785.419)</u>

20. FINANCIAL INCOME AND EXPENSES

	1 January- 31 March 2023	1 January - 31 March 2022
Financial income		
Foreign exchange gains	38.821	680.014
Interest income	26.897	30.543
Currency translation reserve gains	3.185	19.867
Other financial income	65.028	184
	<u>133.931</u>	<u>730.608</u>
	1 January- 31 March 2023	1 January - 31 March 2022
Financial expenses (-)		
Interest expenses	(101.569)	(69.089)
Foreign exchange losses	(20.721)	(404.134)
Swap expense accrual (Note: 21)	-	(42.720)
Currency translation reserve losses	(8.269)	(4.679)
Other financial expenses	(17.128)	(7.215)
	<u>(147.687)</u>	<u>(527.837)</u>

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21. DERIVATIVE INSTRUMENTS

	31 March 2023		31 December 2022	
	Assets	Liabilities	Assets	Liabilities
Forward foreign exchange contracts	-	239.556	8.528	353.686
Foreign exchange swap	-	-	-	-
Current	-	239.556	8.528	353.686
Non-current	-	-	-	-
	<u>-</u>	<u>239.556</u>	<u>8.528</u>	<u>353.686</u>

Currency derivatives:

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

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

	31 March 2023	31 December 2022
Forward foreign exchange contracts	3.405.637	4.913.599
	<u>3.405.637</u>	<u>4.913.599</u>

As of 31 March 2023, the fair value of the Toros Tarım’s currency derivatives is estimated to be 239.556 liabilities which is negative 239.556 (31 December 2022: assets 8.528, liabilities 353.686, negative 345.158). 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 2022: 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 191.608 has been accounted in equity, there is not any ineffective foreign currency derivative transactions during the period. (31 December 2022: Effective negative 276.075, 31 March 2022: effective positive 144.148). Gains amounting to 8.493 and losses amounting to 220.708 concerning matured derivative contracts during the period have been recognized in profit or loss (31 March 2022: Gains amounting to 175.590 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. As of 31 March 2023, Tekfen İnşaat has no cross currency swap transactions (31 December 2022: None). As of 31 March 2023, there is not any gain or loss recognized in profit or loss related to swap transactions (31 March 2022: 42.720 loss).

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22. FOREIGN CURRENCY POSITION

31 March 2023	Equivalent of Thousands of TL	Thousands of US Dollars	Thousands of EUR	Thousands of GBP	Other (Equivalent of Thousands of TL)
1. Trade Receivables	2.234.825	94.093	2.560	-	380.067
2. Monetary Financial Assets	3.028.408	139.833	4.328	9	260.922
3. Other	353.402	7.729	8.593	-	26.670
4. CURRENT ASSETS	5.616.635	241.655	15.481	9	667.659
5. Trade Receivables	226.724	-	3.871	-	146.199
6. Monetary Financial Assets	20.375	1.016	-	-	923
7. Other	45.755	1.739	599	-	-
8. NON-CURRENT ASSETS	292.854	2.755	4.470	-	147.122
9. TOTAL ASSETS	5.909.489	244.410	19.951	9	814.781
10. Trade Payables	5.974.494	281.593	7.659	3	423.720
11. Financial Liabilities	527.751	18.006	4.110	-	97.511
12. Monetary Other Liabilities	1.335.298	26.155	26.566	-	281.906
12b. Non-Monetary Other Liabilities	53.261	2.545	218	-	-
13. CURRENT LIABILITIES	7.890.804	328.299	38.553	3	803.137
14. Trade Payables	4.557	120	12	-	2.010
15. Financial Liabilities	250.020	-	12.019	-	-
16. Monetary Other Liabilities	95.539	79	-	-	94.026
17. NON-CURRENT LIABILITIES	350.116	199	12.031	-	96.036
18. TOTAL LIABILITIES	8.240.920	328.498	50.584	3	899.173
19. Net Position of Off-balance Sheet Derivative Instruments (19a-19b)	3.131.175	163.542	-	-	-
19a. Derivative Assets	3.131.175	163.542	-	-	-
19b. Derivative Liabilities	-	-	-	-	-
20. Net Foreign Currency Assets / Liabilities Position	799.744	79.454	(30.633)	6	(84.392)
21. Monetary Items Net Foreign Currency Assets / Liabilities position (1+2+5+6-10-11-12-14-15-16)	(2.677.327)	(91.011)	(39.607)	6	(111.062)
22. Fair Value of Derivative Instruments Held for Hedging	(239.556)	(12.512)	-	-	-

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22. FOREIGN CURRENCY POSITION (cont’d)

31 December 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	2.056.523	75.142	6.131	-	529.274
2. Monetary Financial Assets	3.343.670	167.562	3.058	12	149.315
3. Other	291.392	5.245	6.825	-	57.264
4. CURRENT ASSETS	5.691.585	247.949	16.014	12	735.853
5. Trade Receivables	228.502	47	3.712	-	153.625
6. Monetary Financial Assets	920	-	-	-	920
7. Other	33.035	1.335	404	-	19
8. NON-CURRENT ASSETS	262.457	1.382	4.116	-	154.564
9. TOTAL ASSETS	5.954.042	249.331	20.130	12	890.417
10. Trade Payables	7.122.260	347.570	8.273	37	457.538
11. Financial Liabilities	209.476	-	4.112	-	127.504
12. Monetary Other Liabilities	1.317.434	27.267	25.878	-	291.712
12b. Non-Monetary Other Liabilities	12.721	498	171	-	-
13. CURRENT LIABILITIES	8.661.891	375.335	38.434	37	876.754
14. Trade Payables	3.343	84	12	-	1.533
15. Financial Liabilities	280.026	-	14.047	-	-
16. Monetary Other Liabilities	83.675	223	-	-	79.505
17. NON-CURRENT LIABILITIES	367.044	307	14.059	-	81.038
18. TOTAL LIABILITIES	9.028.935	375.642	52.493	37	957.792
19. Net Position of Off-balance Sheet Derivative Instruments (19a-19b)	4.514.405	241.434	-	-	-
19a. Derivative Assets	4.514.405	241.434	-	-	-
19b. Derivative Liabilities	-	-	-	-	-
20. Net Foreign Currency Assets / Liabilities Position	1.439.512	115.123	(32.363)	(25)	(67.375)
21. Monetary Items Net Foreign Currency Assets / Liabilities position (1+2+5+6-10-11-12-14-15-16)	(3.386.599)	(132.393)	(39.421)	(25)	(124.658)
22. Fair Value of Derivative Instruments Held for Hedging	(345.158)	(18.459)	-	-	-

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22. FOREIGN CURRENCY POSITION (cont’d)

Foreign currency sensitivity

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

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

	31 March 2023	
	Profit / (Loss)	
	Appreciation of foreign currencies	Depreciation of foreign currencies
	If US Dollars changes 5% against TL	
US Dollars net assets / liabilities	76.061	(76.061)
	If Euro changes 5% against TL	
Euro net assets / liabilities	(31.862)	31.862
	If other foreign currencies changes 5% against TL	
Other foreign currency assets / liabilities	(4.212)	4.212
TOTAL	39.987	(39.987)
	31 December 2022	
	Profit / (Loss)	
	Appreciation of foreign currencies	Depreciation of foreign currencies
	If US Dollars change 5% against TL	
US Dollars net assets / liabilities	107.630	(107.630)
	If Euro changes 5% against TL	
Euro net assets / liabilities	(32.258)	32.258
	If other foreign currencies change 5% against TL	
Other foreign currency net assets / liabilities	(3.396)	3.396
TOTAL	71.976	(71.976)

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23. FINANCIAL INSTRUMENTS

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

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

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

KKM amounting to 1.037.393 is classified as short-term financial investments. The relevant amount is presented at fair value (31 December 2022: 1.596.161). The fair value hierarchy is shown as Level 2.

Except for the financial investments mentioned above, Eurobonds amounting to 146.322 and to 19.443 shown in short-term and long-term financial investments, respectively, are classified as financial assets measured at amortized cost (31 December 2022: short-term financial investments 171.464). The fair value of the related financial assets is 165.765 and the fair value hierarchy is Level 2 as of 31 March 2023 (31 December 2022: 172.604).

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

	31 March 2023	Fair value level as of reporting date		
		Level 1	Level 2	Level 3
Financial instruments				
Fair value through other comprehensive income financial investments	1.021.196	286.648	-	734.548
Fair value through profit or loss financial investments	1.037.017	10.546	-	1.026.471
Total	2.058.213	297.194	-	1.761.019
Financial liabilities				
Derivative instruments	239.556	-	239.556	-
Total	239.556	-	239.556	-
	31 December 2022	Fair value level as of reporting date		
		Level 1	Level 2	Level 3
Fair value through other comprehensive income financial investments	1.038.530	324.926	-	713.604
Fair value through profit or loss financial investments	1.024.408	10.669	-	1.013.739
Derivative instruments	8.528	-	8.528	-
Total	2.071.466	335.595	8.528	1.727.343
Financial liabilities				
Derivative instruments	353.686	-	353.686	-
Total	353.686	-	353.686	-

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23. FINANCIAL INSTRUMENTS (cont'd)

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

	Fair value through profit or loss financial investments		Fair value through other comprehensive income financial investments		Total
	Level 1	Level 3	Level 1	Level 3	
	Opening balance as at 1 January 2023	10.669	1.013.739	324.926	
Fair value increase (decrease)	937	(11.380)	(38.278)	4.128	(44.593)
Disposals	(1.295)	-	-	-	(1.295)
Currency translation effect	235	24.112	-	16.816	41.163
Closing balance as at 31 March 2023	10.546	1.026.471	286.648	734.548	2.058.213

	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	
Transfers	12.447	(12.447)	-	-	-
Additions	-	23.184	-	12.398	35.582
Fair value increase (decrease)	(47.398)	5.054	45.747	(65.839)	(62.436)
Currency translation effect	9.288	90.376	-	181.741	281.405
Closing balance as at 31 March 2022	53.222	819.468	216.604	1.031.542	2.120.836

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

Non-traded fair value through other comprehensive income financial investments

SOCAR Polymer Investments LLC

<i>Valuation Method</i>	<i>31 March 2023 Fair Value</i>	<i>Unobservable Inputs</i>	<i>Relation Between Unobservable Inputs and Fair Value Measurement</i>
Income Approach, Discounted Cash Flow	598.222	Weighted average cost of capital ratio: 13,2%	If the weighted average cost of capital ratio is increased to 14,2%, the estimated fair value decreases by 72.293; If it is decreased to 12,2%, the estimated fair value increases by 86.103.

<i>Valuation Method</i>	<i>31 December 2022 Fair Value</i>	<i>Unobservable Inputs</i>	<i>Relation Between Unobservable Inputs and Fair Value Measurement</i>
Income Approach, Discounted Cash Flow	584.234	Weighted average cost of capital ratio: 13,2%	If the weighted average cost of capital ratio is increased to 14,2%, the estimated fair value decreases by 70.603; If it is decreased to 12,2%, the estimated fair value increases by 84.090.

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23. FINANCIAL INSTRUMENTS (cont'd)

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

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

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

Non-traded fair value through profit or loss financial investments

<i>Industry</i>	<i>Valuation Method</i>	<i>31 March 2023 Fair Value</i>	<i>Unobservable Inputs</i>	<i>Relation Between Unobservable Inputs and Fair Value Measurement</i>
<i>Contracting</i>	Equivalent value	94.215	Valuation multiplier: 1,16 - 3,51	If the average valuation multiplier is increased by 10%, the estimated fair value increases by 17.080, in case of a 10% decrease, the estimated fair value decreases by 17.080.
	Held at cost	76.584	Valuation multiplier: 1,00	
<i>Agriculture</i>	Equivalent value	709.151	Valuation multiplier: 1,11 - 2,25	If the average valuation multiplier is increased by 10%, the estimated fair value increases by 70.915, in case of a 10% decrease, the estimated fair value decreases by 70.915.
<i>Other</i>	Equivalent value	146.521	Valuation multiplier: 0,58 - 2,94	If the average valuation multiplier is increased by 10%, the estimated fair value increases by 14.652, in case of a 10% decrease, the estimated fair value decreases by 14.652.

<i>Industry</i>	<i>Valuation Method</i>	<i>31 December 2022 Fair Value</i>	<i>Unobservable Inputs</i>	<i>Relation Between Unobservable Inputs and Fair Value Measurement</i>
<i>Contracting</i>	Equivalent value	92.012	Valuation multiplier: 1,16 - 3,51	If the average valuation multiplier is increased by 10%, the estimated fair value increases by 16.681, in case of a 10% decrease, the estimated fair value decreases by 16.681.
	Held at cost	74.793	Valuation multiplier: 1,00	
<i>Agriculture</i>	Equivalent value	692.562	Valuation multiplier: 1,11 - 2,25	If the average valuation multiplier is increased by 10%, the estimated fair value increases by 69.256, in case of a 10% decrease, the estimated fair value decreases by 69.256.
<i>Other</i>	Equivalent value	154.372	Valuation multiplier: 0,48 - 2,94	If the average valuation multiplier is increased by 10%, the estimated fair value increases by 15.437, in case of a 10% decrease, the estimated fair value decreases by 15.437.

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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 2023	166.805	692.562	154.372	1.013.739
Fair value change	-	-	(11.380)	(11.380)
Currency translation effect	3.994	16.589	3.529	24.112
Closing balance as at 31 March 2023	<u>170.799</u>	<u>709.151</u>	<u>146.521</u>	<u>1.026.471</u>
	Contracting	Agriculture	Other	Total
Opening balance as at 1 January 2022	103.822	402.346	207.133	713.301
Additions	-	19.523	3.661	23.184
Transfers (Level 1)	-	-	(12.447)	(12.447)
Fair value change	-	5.054	-	5.054
Currency translation effect	13.347	52.001	25.028	90.376
Closing balance as at 31 March 2022	<u>117.169</u>	<u>478.924</u>	<u>223.375</u>	<u>819.468</u>

24. SUBSEQUENT EVENTS

None.