

**TEKFEN HOLDİNG ANONİM ŐİRKETİ  
AND ITS SUBSIDIARIES**

CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS  
FOR THE THREE MONTH  
INTERIM PERIOD  
ENDED 31 MARCH 2020

(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 2020**

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

<b>ASSETS</b>	<b>Notes</b>	<b>Unreviewed 31 March 2020</b>	<b>Audited 31 December 2019</b>
<b>Current Assets</b>		<b>8.550.829</b>	<b>9.217.274</b>
Cash and cash equivalents	7	3.935.450	4.094.625
Financial investments		86.069	12.782
Trade receivables	8	1.564.829	1.953.336
- Related party receivables		16.887	22.402
- Trade receivables		1.547.942	1.930.934
Other receivables		80.226	62.273
- Related party receivables		25.296	14.256
- Other receivables		54.930	48.017
Contract assets arising from ongoing construction works	9	311.924	692.101
Derivative instruments	21	14.370	211
Inventories	10	1.498.932	1.448.934
Prepaid expenses		465.474	348.616
- Prepaid expenses		465.474	348.616
Assets related with current tax		176.079	157.615
Other current assets		388.926	420.465
- Other current assets		388.926	420.465
		<b>8.522.279</b>	<b>9.190.958</b>
Assets classified as held for sale		28.550	26.316
<b>Non-Current Assets</b>		<b>4.111.515</b>	<b>3.445.874</b>
Financial investments	4	774.765	393.868
Trade receivables	8	452.410	313.979
- Trade receivables		452.410	313.979
Other receivables		10.156	8.885
- Other receivables		10.156	8.885
Investments valued by equity method	11	125.416	103.597
Investment property	12	133.377	125.358
Property, plant and equipment	12	2.230.002	2.135.206
Right-of-use assets	12	49.706	55.182
Intangible assets	12	134.133	106.459
- Goodwill		87.111	61.424
- Other intangible assets		47.022	45.035
Prepaid expenses		24.350	25.561
- Prepaid expenses		24.350	25.561
Deferred tax assets		153.937	155.943
Other non-current assets		23.263	21.836
- Other non-current assets		23.263	21.836
<b>TOTAL ASSETS</b>		<b>12.662.344</b>	<b>12.663.148</b>

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 2020**

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

<b>LIABILITIES</b>	<b>Notes</b>	<b>Unreviewed 31 March 2020</b>	<b>Audited 31 December 2019</b>
<b>Current Liabilities</b>		<b>6.681.968</b>	<b>6.645.129</b>
Short-term borrowings	13	300.323	407.897
Short-term portion of long-term borrowings		138.338	212.591
Trade payables	8	3.514.313	3.330.480
- Related party payables		2.818	24.883
- Trade payables		3.511.495	3.305.597
Payables related to employee benefits		78.567	77.995
Other payables	4,5	871.757	82.068
- Related party payables		217.922	108
- Other payables		653.835	81.960
Contract liabilities arising from ongoing construction works	9	597.277	1.006.076
Derivative instruments	21	10.032	29.939
Deferred revenue		594.122	690.709
- Deferred revenue		594.122	690.709
Current tax liability		112.183	447.074
Short-term provisions	14	437.813	357.635
- Short-term provisions attributable to employee benefits		172.135	160.971
- Other short-term provisions		265.678	196.664
Other short-term liabilities		27.243	2.665
- Other short-term liabilities		27.243	2.665
<b>Non-Current Liabilities</b>		<b>582.694</b>	<b>521.149</b>
Long-term borrowings	13	302.356	215.458
Trade payables	8	75.123	77.448
- Trade payables		75.123	77.448
Other payables		53.084	78.482
- Other payables		53.084	78.482
Government incentives and grants		1.132	1.132
Deferred revenue		241	332
- Deferred revenue		241	332
Long-term provisions	14	69.843	72.118
- Long-term provisions attributable to employee benefits		69.785	72.066
- Other long-term provisions		58	52
Deferred tax liabilities		80.915	76.179
<b>TOTAL LIABILITIES</b>		<b>7.264.662</b>	<b>7.166.278</b>
<b>EQUITY</b>		<b>5.397.682</b>	<b>5.496.870</b>
<b>Equity Attributable To Owners Of The Parent</b>	5, 17	<b>5.325.593</b>	<b>5.428.680</b>
Paid in capital		370.000	370.000
Capital structure adjustment		3.475	3.475
Premiums in capital stock		300.984	300.984
Accumulated other comprehensive income (loss) that will not be reclassified to profit or loss		4.177	2.305
- Gain on revaluation and remeasurement		4.177	2.305
Accumulated other comprehensive income (loss) that will be reclassified to profit or loss		831.341	552.758
- Currency translation reserve		749.481	488.224
- Hedging reserve		3.383	(23.183)
- Gain on revaluation and reclassification		78.477	87.717
Legal reserves		382.514	278.423
Prior years' income		3.386.043	2.499.985
Net profit for the period		47.059	1.420.750
<b>Non-controlling Interests</b>		<b>72.089</b>	<b>68.190</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>12.662.344</b>	<b>12.663.148</b>

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 2020**

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

	<b>Notes</b>	<b>Unreviewed 1 January- 31 March 2020</b>	<b>Unreviewed 1 January - 31 March 2019</b>
Revenue		3.021.940	4.587.478
Cost of revenue (-)		(2.777.962)	(3.523.786)
<b>GROSS PROFIT</b>		<b>243.978</b>	<b>1.063.692</b>
General administrative expenses (-)		(112.988)	(95.896)
Marketing expenses (-)		(99.569)	(91.961)
Research and development expenses (-)		(1.564)	(1.343)
Other operating income	19	157.950	112.486
Other operating expenses (-)	19	(240.536)	(139.300)
Share on profit of investments valued by equity method	11	20.447	3.706
<b>OPERATING PROFIT (LOSS)</b>		<b>(32.282)</b>	<b>851.384</b>
Investment income		18.256	10.248
Investment expense (-)		(118)	(231)
<b>PROFIT (LOSS) BEFORE FINANCIAL INCOME (EXPENSES)</b>		<b>(14.144)</b>	<b>861.401</b>
Financial income	20	177.626	171.474
Financial expenses (-)	20	(85.766)	(61.820)
<b>PROFIT FROM CONTINUING OPERATIONS BEFORE TAXATION</b>		<b>77.716</b>	<b>971.055</b>
<b>Tax Expense from Continuing Operations (-)</b>		<b>(31.357)</b>	<b>(190.150)</b>
Tax expense for the period (-)		(30.115)	(68.359)
Deferred tax expense (-)		(1.242)	(121.791)
<b>PROFIT FROM CONTINUING OPERATIONS FOR THE PERIOD</b>		<b>46.359</b>	<b>780.905</b>
<b>Distribution of Profit for the Period</b>			
Non-controlling interests		(700)	(1.362)
Owners of the parent		47.059	782.267
<b>Earnings Per Share</b>	18	0,127	2,114

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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 2020**

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

	<b>Unreviewed 1 January- 31 March 2020</b>	<b>Unreviewed 1 January - 31 March 2019</b>
<b>PROFIT FOR THE PERIOD</b>	<b>46.359</b>	<b>780.905</b>
<b>OTHER COMPREHENSIVE INCOME:</b>		
<b><u>Items that will not be reclassified to profit or loss</u></b>	<b>1.872</b>	<b>4.652</b>
Gain on revaluation of defined benefit plans	2.340	5.815
Taxes based on other comprehensive income that will not be reclassified to profit or loss	(468)	(1.163)
- <i>Deferred tax expense (-)</i>	(468)	(1.163)
<b><u>Items that will be reclassified to profit or loss</u></b>	<b>283.182</b>	<b>122.312</b>
Other comprehensive income related to currency translation differences	265.856	120.165
Gains (loss) from fair value through other comprehensive income financial assets	(9.726)	6.358
Other comprehensive income (expenses) related to cash flow hedging	34.059	(4.991)
Taxes based on other comprehensive income that will be reclassified to profit or loss	(7.007)	780
- <i>Deferred tax (expense) income</i>	(7.007)	780
<b>OTHER COMPREHENSIVE INCOME</b>	<b>285.054</b>	<b>126.964</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>331.413</b>	<b>907.869</b>
<b>Distribution of Total Comprehensive Income for The Period</b>		
Non-controlling interests	3.899	1.514
Owners of the parent	327.514	906.355

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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 2020

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

	Paid in capital	Capital structure adjustment	Premiums in capital stock	Items not to be reclassified to profit or loss	Items to be reclassified to profit or loss		Retained Earnings			Equity attributable to owners of the parent	Non-controlling interests	Equity	
				Gain (loss) on revaluation and remeasurement	Currency translation reserve	Gains (loss) on hedging	Gain (loss) on revaluation and reclassification	Legal reserves	Prior years' income				Net profit for the period
<b>Unreviewed</b>													
<b>Opening balance as of 1 January 2019</b>	370.000	3.475	300.984	(1.346)	352.708	29.353	92.931	231.271	1.585.150	1.403.061	4.367.587	56.808	4.424.395
Transfers	-	-	-	-	-	-	-	47.152	1.355.909	(1.403.061)	-	-	-
Total comprehensive income (loss)	-	-	-	4.652	117.289	(3.893)	6.040	-	-	782.267	906.355	1.514	907.869
- Profit (loss) for the period	-	-	-	-	-	-	-	-	-	782.267	782.267	(1.362)	780.905
- Other comprehensive income (expense)	-	-	-	4.652	117.289	(3.893)	6.040	-	-	-	124.088	2.876	126.964
Dividends	-	-	-	-	-	-	-	-	(450.972)	-	(450.972)	-	(450.972)
Other changes	-	-	-	-	-	-	-	-	(7.071)	-	(7.071)	-	(7.071)
<b>Closing balance as of 31 March 2019</b>	<b>370.000</b>	<b>3.475</b>	<b>300.984</b>	<b>3.306</b>	<b>469.997</b>	<b>25.460</b>	<b>98.971</b>	<b>278.423</b>	<b>2.483.016</b>	<b>782.267</b>	<b>4.815.899</b>	<b>58.322</b>	<b>4.874.221</b>
<b>Unreviewed</b>													
<b>Opening balance as of 1 January 2020</b>	370.000	3.475	300.984	2.305	488.224	(23.183)	87.717	278.423	2.499.985	1.420.750	5.428.680	68.190	5.496.870
Transfers	-	-	-	-	-	-	-	104.091	1.316.659	(1.420.750)	-	-	-
Total comprehensive income (loss)	-	-	-	1.872	261.257	26.566	(9.240)	-	-	47.059	327.514	3.899	331.413
- Profit (loss) for the period	-	-	-	-	-	-	-	-	-	47.059	47.059	(700)	46.359
- Other comprehensive income (expense)	-	-	-	1.872	261.257	26.566	(9.240)	-	-	-	280.455	4.599	285.054
Dividends	-	-	-	-	-	-	-	-	(456.320)	-	(456.320)	-	(456.320)
Other changes	-	-	-	-	-	-	-	-	25.719	-	25.719	-	25.719
<b>Closing balance as of 31 March 2020</b>	<b>370.000</b>	<b>3.475</b>	<b>300.984</b>	<b>4.177</b>	<b>749.481</b>	<b>3.383</b>	<b>78.477</b>	<b>382.514</b>	<b>3.386.043</b>	<b>47.059</b>	<b>5.325.593</b>	<b>72.089</b>	<b>5.397.682</b>

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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 2020

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

Notes	Unreviewed 1 January - 31 March 2020	Unreviewed 1 January - 31 March 2019
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>164.301</b>	<b>266.744</b>
Profit for the Period	46.359	780.905
Adjustments to Reconcile Net Profit	145.009	203.346
- Depreciation and Amortization	12 73.340	64.438
- Provision Adjustments	8, 14 75.399	(19.259)
- Dividend Income and Expenses	(2)	(8.857)
- Interest Income and Expense Adjustments	20 3.498	(19.730)
- Gain/Loss on Fair Valuation	(17.661)	-
- Group's Share on Profit of Investments Valued by Equity Method	11 (20.447)	(3.706)
- Allowance for Taxation	31.357	190.150
- Adjustments for Gain/Loss on Sale of Fixed Assets	12 (475)	(1.160)
- Adjustments for Other Items Causing Cash Flows from Investment or Financing Activities	-	1.470
Movements in Working Capital	412.424	(564.490)
- Changes in Financial Investments	(73.287)	(320.903)
- Changes in Trade Receivables	8 245.478	(957.458)
- Changes in Other Assets	11.521	(132.165)
- Changes in Contract Assets Arising from Ongoing Construction Works	9 380.177	(133.819)
- Changes in Inventories	10 (56.320)	209.973
- Changes in Prepaid Expenses	(100.319)	26.906
- Changes in Trade Payables	8 151.703	249.526
- Changes in Payables Related to Employee Benefits	572	39.696
- Changes in Contract Liabilities Arising from Ongoing Construction Works	9 (408.799)	491.968
- Changes in Other Liabilities	358.376	80.245
- Changes in Deferred Revenue	(96.678)	(118.459)
Cash Generated by Operating Activities	603.792	419.761
Interest Paid	(41.220)	(34.694)
Interest Received	16.226	43.673
Provision Paid Related to Employee Benefits	14 (30.741)	(50.299)
Other Provision Paid	14 (287)	(622)
Tax Paid/Return	(383.469)	(111.075)
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(439.644)</b>	<b>(69.281)</b>
Cash Outflows for Acquisition of Shares in Other Entities or Shares in Funds or Borrowing Instruments	4 (375.701)	-
Proceeds from Sales of Tangible and Intangible Assets	12 7.528	1.488
Acquisition of Tangible and Intangible Assets	12 (72.733)	(58.590)
Advances and Debts Given	1.260	(12.183)
Dividend Received	2	4
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>(112.887)</b>	<b>(369.649)</b>
Proceeds from Borrowings	339.904	144.453
Repayments of Borrowings	(440.327)	(513.131)
Payments of Lease Obligations	(12.464)	(971)
<b>CHANGE IN CASH AND CASH EQUIVALENTS BEFORE CURRENCY TRANSLATION RESERVE EFFECT</b>	<b>(388.230)</b>	<b>(172.186)</b>
<b>D. CURRENCY TRANSLATION RESERVE EFFECT ON CASH AND CASH EQUIVALENTS</b>	229.055	111.011
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)</b>	<b>(159.175)</b>	<b>(61.175)</b>
<b>E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	4.094.625	4.581.600
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)</b>	<b>3.935.450</b>	<b>4.520.425</b>

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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 2020

(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 2020, the Group has 17.467 employees (31 December 2019: 17.094) 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 subsidiaries as of 31 March 2020:

A share acquisition agreement was signed on 18 December 2019 between the shareholders of Toros Meram Yeşil Enerji Üretim A.Ş. (“Meram Enerji”, previous title Altaca Meram Yeşil Enerji Üretim A.Ş.) and Toros Gönen Yenilenebilir Enerji Üretim A.Ş. (“Gönen Enerji”, previous title Gönen Yenilenebilir Enerji Üretim A.Ş.), a subsidiary of the Group, concerning acquisition of 99,9% of the paid in capital of Meram Enerji. The closing transactions were completed on 14 February 2020 and Meram Enerji is included in the consolidation as of 31 March 2020 (Note: 4).

Alanar Fidan Üretim ve Pazarlama Sanayi ve Ticaret A.Ş., a subsidiary of the Group, merged with Alanar Meyve ve Gıda Üretim Pazarlama Sanayi ve Tic. A.Ş., another subsidiary of the Group, by transferring all assets and liabilities on 18 March 2020.

#### Approval of condensed consolidated financial statements:

The condensed consolidated financial statements are approved and published by the Board of Directors as of 5 May 2020.

### 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 Standards/Turkish Financial Reporting Standards (“TAS”/“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 TAS Taxonomy” which was published by POA on 15 April 2019.

The Group has preferred to disclose its interim consolidated financial statements as of 31 March 2020 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 TAS 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 2019 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 consolidated financial statements as of 31 December 2019.

Exchange rates used in the consolidation process as of 31 March 2020 are; 1 USD= 6,5160 TL, 1 EUR= 7,2150 TL, 1 AZN= 3,8329 TL, 1 SAR= 1,7376 TL, 1 QAR= 1,7852 TL, 1 RON= 1,4847 (Exchange rates as of 31 December 2019 are; 1 USD= 5,9402 TL, 1 EUR= 6,6506 TL, 1 AZN= 3,4942 TL, 1 SAR= 1,5840 TL, 1 QAR= 1,6274 TL, 1 RON= 1,3832).

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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 2020

(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:**

- TFRS 3 (amendments), “Definition of a Business”, effective for annual periods beginning after 1 January 2020.
- TAS 1, TAS 8 (amendments), “Definition of Material”, effective for annual periods beginning after 1 January 2020.
- Conceptual Framework (amendments), effective for annual periods beginning after 1 January 2020.

**(b) Standards, amendments and interpretations to existing standards that are effective as of the year 2020, but not affecting the condensed consolidated financial statements of the Group:**

- TFRS 9, TAS 39, TFRS 7 (amendments), “Interest Rate Benchmark Reform”, effective for annual periods beginning after 1 January 2020.

**(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 “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 2022.

The Group evaluates the effects of the standards issued as of 31 March 2020 and the standards not yet effective as of 31 March 2020 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 and consolidated financial statements, that prepared on the basis of going concern, have been prepared by taking into consideration of these evaluations. As of the reporting date, there is no significant issue affecting the Group's activities and the condensed consolidated financial statements other than those disclosed in the condensed consolidated financial statements.

##### Financial Investment

On 13 December 2019, an agreement signed by Techinvestments MMC, a subsidiary of the Group with 100% share participation rate, concerning the purchase of 10% shares of SOCAR Polymer Investments LLC for 651.600 (100.000.000 USD). As of the balance sheet date, transfer of 5% shares transfer with 325.800 (50.000.000 USD) price has been completed.

# TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2020

(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)

#### Business Combinations

A share acquisition agreement was signed on 18 December 2019 between the shareholders of Meram Enerji and Gönen Enerji, a subsidiary of the Group, concerning acquisition of 99,9% of the paid in capital of Meram Enerji. Share transfer transaction was completed on 14 February 2020. Temporary Goodwill arising from business combination has been recognized in accordance with TFRS in the condensed consolidated financial statements as of 31 March 2020 (Note: 12).

#### Other Payables

217.922 portion of dividend payable amounting to 456.320, which is detailed in Note 5, is recognized under other payables to related parties account where 238.398 is recognized under other payables account in the condensed consolidated financial statements. Additionally, 395.149 of consolidated taxes payable of Tekfen İnşaat is included in other payables account.

### 5. SIGNIFICANT CHANGES IN EQUITY

#### Gain (Loss) on Revaluation and Reclassification:

The negative change of 9.240 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 2019: positive change of 6.040).

#### Legal Reserves:

In accordance with the resolutions taken during the Ordinary General Assemblies of Group companies as of 31 March 2020, 104.091 of legal reserves were transferred from retained earnings in the condensed consolidated financial statements as of 31 March 2020 (31 March 2019: 47.152).

#### Hedging Reserve:

The positive change of 26.566 (31 March 2019: negative 3.893) 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 Ordinary General Assembly held on 26 March 2020, it is decided to distribute 1,15 TL (2019: 1,14 TL) gross cash dividends per share attributable to the operations of the year of 2019. It is decided that the first portion of dividends of 426.492 (2019: 421.526) and 29.828 (2019: 29.446) in the aggregate 456.320 (2019: 450.972) respectively to the owners of the parent and Tekfen Eğitim Sağlık Kültür Sanat ve Dođal Varlıkları Koruma Vakfı which holds redeemed share will be distributed on 27 April 2020 and second portion of dividend distribution will be held on 24 September 2020. However pursuant to article 12 of Law Concerning the Reduction of the Effects of COVID-19 Pandemic on Economic and Social Life and the Amendment of Some Laws numbered 7244, which went into effect with its publication in issue 31102 of the official gazette on 17 April 2020 as well as to interim article 13 added to the Turkish Commercial Code numbered 6102, portions of dividends that exceed 25% of 2019 net profit must be paid after 30 September 2020. For this reason, the Board of Directors of the Company has decided that 456.320 of dividend will be paid in three installements. First installment amounting to 228.160 will be paid in accordance with the decision taken in the Ordinary General Assembly on 27 April 2020, second installment amounting to 152.107 will be paid on 24 September 2020 and remaining payment amounting to 76.053 will be made on 1 October 2020. 217.922 portion of dividend payable amounting to 456.320 is recognized under other payables to related parties account where 238.398 is recognized under other payables account in the condensed consolidated financial statements as of 31 March 2020. First installment was paid on 27 April 2020.

### 6. SEGMENTAL REPORTING

During the current period, Group’s management has decided to conduct its activities that it has managed in three business segments as Contracting, Agriculture and Other in the previous year on the basis of five business segments as Engineering and Contracting, Chemical Industry, Agricultural Production, Service and Investment. Due to the mentioned revision in the business segments, comparative information on segmental reporting has been revised on the basis of five segments. Nature of the activities of the business segments of the Group can be summarized as follows:

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#### 6. SEGMENTAL REPORTING (cont’d)

##### Engineering and Contracting Segment

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

##### Chemical Industry Segment

Chemical Industry segment has operations in chemical, organic-organomineral fertilizer production, distribution and trade. Income provided from the consolidation of Black Sea by equity method is disclosed in this segment.

##### Agricultural Production Segment

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

##### Service Segment

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

##### Investment Segment

Operations of Investment segment mainly comprise of Tekfen Ventures’ investments in innovation-creating initiatives and holding operations. Holding operations are executed by the Company and include coordinating the Group’s financial needs when needed. Dividend income and rent income provided constitute Holding’s revenue. Income provided from the consolidation of Florya Gayrimenkul by equity method is disclosed in this segment.

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#### 6. SEGMENTAL REPORTING (cont’d)

##### a) Segmental results:

	1 January - 31 March 2020					
	Engineering & Contracting	Chemical Industry	Agricultural Production	Service	Investment	Total
Revenue	1.787.181	1.114.552	11.231	97.621	11.355	3.021.940
Cost of revenue (-)	(1.836.461)	(853.606)	(14.452)	(70.262)	(3.181)	(2.777.962)
<b>GROSS PROFIT (LOSS)</b>	<b>(49.280)</b>	<b>260.946</b>	<b>(3.221)</b>	<b>27.359</b>	<b>8.174</b>	<b>243.978</b>
General administrative expenses (-)	(58.934)	(13.337)	(4.394)	(3.666)	(32.657)	(112.988)
Marketing expenses (-)	(2.234)	(91.616)	(3.998)	(1.721)	-	(99.569)
Research and development expenses (-)	(379)	(1.176)	-	(9)	-	(1.564)
Other operating income	115.159	35.813	1.726	4.541	711	157.950
Other operating expenses (-)	(119.341)	(115.696)	(712)	(3.901)	(886)	(240.536)
Share on profit (loss) of investments valued by equity method	19.701	(74)	820	-	-	20.447
<b>OPERATING PROFIT (LOSS)</b>	<b>(95.308)</b>	<b>74.860</b>	<b>(9.779)</b>	<b>22.603</b>	<b>(24.658)</b>	<b>(32.282)</b>
Investment income	139	280	174	-	17.663	18.256
Investment expense (-)	(103)	(3)	(12)	-	-	(118)
<b>PROFIT (LOSS) BEFORE FINANCIAL INCOME (EXPENSES)</b>	<b>(95.272)</b>	<b>75.137</b>	<b>(9.617)</b>	<b>22.603</b>	<b>(6.995)</b>	<b>(14.144)</b>
Financial income	14.457	51.978	1.039	2.134	108.018	177.626
Financial expenses (-)	(7.075)	(26.598)	(6.499)	(1.679)	(43.915)	(85.766)
<b>PROFIT (LOSS) FROM CONTINUING OPERATIONS BEFORE TAXATION</b>	<b>(87.890)</b>	<b>100.517</b>	<b>(15.077)</b>	<b>23.058</b>	<b>57.108</b>	<b>77.716</b>
Tax (expense) income from continuing operations	(2.450)	(11.190)	197	(5.014)	(12.900)	(31.357)
<b>PROFIT (LOSS) FROM CONTINUING OPERATIONS FOR THE PERIOD</b>	<b>(90.340)</b>	<b>89.327</b>	<b>(14.880)</b>	<b>18.044</b>	<b>44.208</b>	<b>46.359</b>

For the three month interim period ended 31 March 2020, revenue amounting 814.850 was obtained from a single non-related client of Engineering and Contracting segment which constitute 27% of the Group’s revenue.

Translated into English from the report originally issued in Turkish.

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#### 6. SEGMENTAL REPORTING (cont'd)

##### a) Segmental results (cont'd):

	1 January - 31 March 2019					
	Engineering & Contracting	Chemical Industry	Agricultural Production	Service	Investment	Total
Revenue	3.324.887	1.171.389	4.307	76.504	10.391	4.587.478
Cost of revenue (-)	(2.515.121)	(942.356)	(4.681)	(58.555)	(3.073)	(3.523.786)
<b>GROSS PROFIT (LOSS)</b>	<b>809.766</b>	<b>229.033</b>	<b>(374)</b>	<b>17.949</b>	<b>7.318</b>	<b>1.063.692</b>
General administrative expenses (-)	(41.199)	(11.709)	(1.553)	(4.859)	(36.576)	(95.896)
Marketing expenses (-)	(2.680)	(84.222)	(3.363)	(1.696)	-	(91.961)
Research and development expenses (-)	(157)	(1.186)	-	-	-	(1.343)
Other operating income	30.113	74.993	1.441	4.792	1.147	112.486
Other operating expenses (-)	(40.400)	(94.013)	(1.701)	(2.203)	(983)	(139.300)
Share on profit (loss) of investments valued by equity method	3.415	293	-	-	(2)	3.706
<b>OPERATING PROFIT (LOSS)</b>	<b>758.858</b>	<b>113.189</b>	<b>(5.550)</b>	<b>13.983</b>	<b>(29.096)</b>	<b>851.384</b>
Investment income	1.071	304	-	15	8.858	10.248
Investment expense (-)	(231)	-	-	-	-	(231)
<b>PROFIT (LOSS) BEFORE FINANCIAL INCOME (EXPENSES)</b>	<b>759.698</b>	<b>113.493</b>	<b>(5.550)</b>	<b>13.998</b>	<b>(20.238)</b>	<b>861.401</b>
Financial income	41.706	44.707	3.184	2.396	79.481	171.474
Financial expenses (-)	(15.576)	(30.749)	(1.309)	(603)	(13.583)	(61.820)
<b>PROFIT (LOSS) FROM CONTINUING OPERATIONS BEFORE TAXATION</b>	<b>785.828</b>	<b>127.451</b>	<b>(3.675)</b>	<b>15.791</b>	<b>45.660</b>	<b>971.055</b>
Tax (expense) income from continuing operations	(152.359)	(21.753)	1.416	(2.965)	(14.489)	(190.150)
<b>PROFIT (LOSS) FROM CONTINUING OPERATIONS FOR THE PERIOD</b>	<b>633.469</b>	<b>105.698</b>	<b>(2.259)</b>	<b>12.826</b>	<b>31.171</b>	<b>780.905</b>

For the three month interim period ended 31 March 2019, revenue amounting 1.826.795 was obtained from a single non-related client of Engineering and Contracting segment which constitute 39,8% of the Group's revenue.

Translated into English from the report originally issued in Turkish.

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#### 6. SEGMENTAL REPORTING (cont’d)

##### a) Segmental assets and liabilities:

	31 March 2020					
<u>Balance sheet</u>	<u>Engineering &amp; Contracting</u>	<u>Chemical Industry</u>	<u>Agricultural Production</u>	<u>Service</u>	<u>Investment</u>	<u>Total</u>
Total assets	6.211.689	3.071.251	302.993	281.649	2.794.762	12.662.344
Current and non-current liabilities	4.661.638	1.721.673	114.741	166.158	600.452	7.264.662
Equity attributable to owners of the parent	874.896	1.960.097	(17.175)	193.095	2.314.680	5.325.593
Non-controlling interests	3.842	19.357	-	16	48.874	72.089

  

	31 December 2019					
<u>Balance sheet</u>	<u>Engineering &amp; Contracting</u>	<u>Chemical Industry</u>	<u>Agricultural Production</u>	<u>Service</u>	<u>Investment</u>	<u>Total</u>
Total assets	6.881.355	3.174.427	300.967	350.742	1.955.657	12.663.148
Current and non-current liabilities	4.992.700	1.798.949	102.299	97.931	174.399	7.166.278
Equity attributable to owners of the parent	1.582.294	1.860.916	(1.775)	164.396	1.822.849	5.428.680
Non-controlling interests	4.581	18.344	-	14	45.251	68.190

Translated into English from the report originally issued in Turkish.

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#### 6. SEGMENTAL REPORTING (cont'd)

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

	1 January - 31 March 2020					
	Engineering & Contracting	Chemical Industry	Agricultural Production	Service	Investment	Total
Capital expenditures	40.884	21.078	5.242	4.921	608	72.733
Depreciation and amortization expense for the period (*)	44.896	19.735	2.866	3.080	2.763	73.340
Intra-segment revenue	64.034	16.311	-	47	3.439	83.831
Inter-segment revenue	949	378	-	2.969	4.290	8.586

  

	1 January - 31 March 2019					
	Engineering & Contracting	Chemical Industry	Agricultural Production	Service	Investment	Total
Capital expenditures	32.532	4.871	16.001	3.781	1.405	58.590
Depreciation and amortization expense for the period (*)	39.430	18.176	2.493	2.363	1.976	64.438
Intra-segment revenue	31.024	17.228	811	41	1.722	50.826
Inter-segment revenue	-	1.074	-	2.482	3.838	7.394

(\*) Depreciation expense of 2.837 is deducted from the cost of inventory (31 March 2019: 3.436 deducted from the cost of inventory).



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#### 6. SEGMENTAL REPORTING (cont'd)

d) Geographical segmental information is as follows:

	Turkey	CIS	Northern Africa	Middle Eastern Countries	Other	Eliminations	Total
Revenue (1 January - 31 March 2020)	1.477.056	256.385	-	1.339.371	41.545	(92.417)	3.021.940
Total Assets (31 March 2020)	14.178.440	3.982.782	1.306	4.155.135	1.554.511	(11.209.830)	12.662.344
Capital Expenditures (1 January - 31 March 2020)	49.476	6.090	-	17.048	119	-	72.733

  

	Turkey	CIS	Northern Africa	Middle Eastern Countries	Other	Eliminations	Total
Revenue (1 January - 31 March 2019)	2.220.479	271.903	-	2.146.880	6.436	(58.220)	4.587.478
Total Assets (31 December 2019)	13.772.912	3.686.668	915	4.179.455	1.334.273	(10.311.075)	12.663.148
Capital Expenditures (1 January - 31 March 2019)	35.916	12.335	-	10.313	26	-	58.590

Translated into English from the report originally issued in Turkish.

# TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

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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 3.219.031 (31 December 2019: 3.456.260). Demand deposits 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 2020	31 December 2019
<u>Short-term trade receivables</u>		
Receivables from Contracting & Engineering segment operations	1.147.081	1.323.562
Receivables from Chemical Industry segment operations	398.665	308.964
Receivables from Agricultural Production segment operations	19.371	22.450
Receivables from Service segment operations	21.761	8.414
Receivables from Investment segment operations	3.230	3.298
Provision for doubtful receivables (-)	(85.207)	(80.609)
Retention receivables (Note: 9)	28.837	331.684
Due from related parties	16.887	22.402
Other	14.204	13.171
	<u>1.564.829</u>	<u>1.953.336</u>
<u>Long-term trade receivables</u>		
Retention receivables (Note: 9)	443.827	302.749
Receivables from Contracting & Engineering segment operations	8.583	11.230
	<u>452.410</u>	<u>313.979</u>

Postdated cheques amounting to 186.526 (31 December 2019: 154.827), notes receivables amounting to 33.655 (31 December 2019: 32.864), positive foreign currency differences amounting to 2.546 (31 December 2019: positive foreign currency differences amounting to 1.004) are included in short and long-term trade receivables. There are no due date differences included in trade receivables (31 December 2019: None).

Average maturity date for trade receivables varies between the segments. Average maturity date for Engineering and Contracting segment, for projects in abroad is 59 days (31 December 2019: 59 days), for domestic projects is 47 days (31 December 2019: 52 days), for Chemical Industry segment is 43 days (31 December 2019: 42 days), for Agricultural Production segment is 78 days (31 December 2019: 66 days), for Service segment is 50 days (31 December 2019: 31 days), and for Investment segment is 30 days (31 December 2019: 30 days).

As of 31 March 2020, receivables amounting 449.628 was obtained from a single non-related client which constitute 22,5% of the Group’s receivables (31 December 2019: 596.467, 26,6%).

As of 31 March 2020, 85.207 of provision for doubtful receivables was determined based on past uncollectible receivable cases encountered and future expectations (31 March 2019: 40.083).

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

	2020	2019
Provision as of 1 January	(80.609)	(39.568)
Charge for the period	(592)	(927)
Collected	371	1.199
Provision released	-	511
Currency translation effect	(4.377)	(1.298)
Provision as of 31 March	<u>(85.207)</u>	<u>(40.083)</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 (2019: All of doubtful receivable expense has been charged to general administrative expenses).

##### b) Trade Payables:

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

	31 March 2020	31 December 2019
<b>Short-term trade payables</b>		
Payables from Contracting & Engineering segment operations	1.550.933	1.502.397
Payables from Chemical Industry segment operations	1.237.091	1.156.986
Payables from Agricultural Production segment operations	11.797	12.709
Payables from Service segment operations	31.908	49.044
Payables from Investment segment operations	2.492	7.018
Due to related parties	2.818	24.883
Retention payables (Note: 9)	651.988	553.795
Other	25.286	23.648
	<u>3.514.313</u>	<u>3.330.480</u>
<b>Long-term trade payables</b>		
Retention payables (Note: 9)	71.071	71.303
Payables from Contracting & Engineering segment operations	4.052	6.145
	<u>75.123</u>	<u>77.448</u>

Notes payables amounting to 469 (31 December 2019: 432), and foreign currency differences amounting to 97.041 (31 December 2019: 200.129) are included in short and long-term trade payables. There are not any postdated cheques in the current period (31 December 2019: None).

For Chemical Industry segment, payables attributable to inventory supplied through imports constitute 92% (31 December 2019: 90%) of trade payables as at balance sheet date and average payable period for these import purchases is 153 days (31 December 2019: 150 days) whereas average payable period for domestic purchases is 27 days (31 December 2019: 27 days). For Engineering and Contracting segment, average payable period for import purchases through letter of credit is 70 days (31 December 2019: 56 days) whereas the average payable period for other purchases is 120 days (31 December 2019: 91 days). The average payable period for Agricultural Production segment is 30 days (31 December 2019: 30 days), for Service segment is 46 days (31 December 2019: 41 days), and for Investment segment is 36 days (31 December 2019: 42 days).

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

	31 March 2020	31 December 2019
Cost incurred on ongoing contracts	38.424.578	33.981.934
Recognised gain less losses (net)	3.986.789	4.468.406
	<u>42.411.367</u>	<u>38.450.340</u>
Less: Billings to date (-)	(42.696.720)	(38.764.315)
	<u>(285.353)</u>	<u>(313.975)</u>

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2020

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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 2020	31 December 2019
Contract assets arising from ongoing construction works	311.924	692.101
Contract liabilities arising from ongoing construction works	(597.277)	(1.006.076)
	<u>(285.353)</u>	<u>(313.975)</u>
	31 March 2020	31 December 2019
<u>Contract assets arising from ongoing construction works</u>		
Contracts undersigned abroad	220.624	573.933
Contracts undersigned in Turkey	91.300	118.168
	<u>311.924</u>	<u>692.101</u>
<u>Contract liabilities arising from ongoing construction works</u>		
Contracts undersigned abroad	(522.235)	(871.608)
Contracts undersigned in Turkey	(75.042)	(134.468)
	<u>(597.277)</u>	<u>(1.006.076)</u>
	<u>(285.353)</u>	<u>(313.975)</u>

The Group has 296.694 of advances given to subcontractors and other suppliers for construction projects classified in short-term prepaid expenses (31 December 2019: 225.123). Also, the Group has 471.114 of advances received for contracting projects classified in deferred revenue (31 December 2019: 561.083).

As of 31 March 2020, the Group has 723.059 of retention payables to subcontractors (31 December 2019: 625.098). Also, the amount of retention receivables is 472.664 (31 December 2019: 634.433) (Note: 8).

#### 10. INVENTORIES

	31 March 2020	31 December 2019
Raw materials	131.286	138.434
Work in progress	229.761	323.835
Finished goods	36.600	44.135
Trading goods	77.477	191.753
Goods in transit	94.922	39.717
Inventory at construction sites	851.406	642.494
Other inventories	77.480	68.566
	<u>1.498.932</u>	<u>1.448.934</u>

For the three month interim period ended 31 March 2020, there are no borrowing costs added to inventory (31 December 2019: None).

The Group does not have any inventories whose net realizable value is less than its current cost. Accordingly, there is not any provision for allowance for impairment on inventory (31 March 2019: None).

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2020

(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 2020		31 December 2019		Power to appoint	Industry
		Participation Rate	Amount	Participation Rate	Amount		
H-T Fidecilik	Turkey	50%	13.447	50%	12.627	50%	Agriculture
Azfen	Azerbaijan	40%	21.076	40%	3	40%	Construction
Black Sea Gübre	Turkey	30%	728	30%	802	30%	Fertilizer Trade
Florya Gayrimenkul	Turkey	50%	90.165	50%	90.165	50%	Real Estate
			<u>125.416</u>		<u>103.597</u>		

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

	2020	2019
Opening balance as of 1 January	103.597	144.640
Group's share on profit	20.447	3.706
Group's share on other comprehensive income	-	210
Currency translation effect	1.372	2.875
Profit eliminations	-	(15)
Closing balance as of 31 March	<u>125.416</u>	<u>151.416</u>

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

	1 January- 31 March 2020	1 January - 31 March 2019
H-T Fidecilik	820	340
Azfen	19.701	4.644
Black Sea Gübre	(74)	(47)
Florya Gayrimenkul	-	(2)
Denkmal Dahlem (*)	-	(1.229)
Shares on profit of joint ventures valued by equity method	<u>20.447</u>	<u>3.706</u>

(\*) Classified to subsidiaries on 30 July 2019 (Note: 4).

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

Information related to balance sheet:

	H-T		Black Sea	Florya	
31 March 2020	Fidencilik	Azfen	Gübre	Gayrimenkul	Total
Cash and cash equivalents	801	187.714	1.537	66	190.118
Other current assets	72.013	235.910	961	59.125	368.009
Non-current assets	19.351	127.384	3	123.704	270.442
<b>Total Assets</b>	<b>92.165</b>	<b>551.008</b>	<b>2.501</b>	<b>182.895</b>	<b>828.569</b>
Short-term borrowings	29.507	-	-	-	29.507
Other short-term liabilities	28.607	498.317	58	76	527.058
Long-term borrowings	5.000	-	-	-	5.000
Other long-term liabilities	2.157	-	17	2.490	4.664
<b>Total Liabilities</b>	<b>65.271</b>	<b>498.317</b>	<b>75</b>	<b>2.566</b>	<b>566.229</b>
Net Assets	26.894	52.691	2.426	180.329	262.340
Group's Ownership Rate	50%	40%	30%	50%	
<b>Group's Share on Net Assets</b>	<b>13.447</b>	<b>21.076</b>	<b>728</b>	<b>90.165</b>	<b>125.416</b>
	H-T		Black Sea	Florya	
31 December 2019	Fidencilik	Azfen	Gübre	Gayrimenkul	Total
Cash and cash equivalents	69	155.672	1.821	87	157.649
Other current assets	63.996	195.547	946	59.124	319.613
Non-current assets	19.604	87.199	5	123.649	230.457
<b>Total Assets</b>	<b>83.669</b>	<b>438.418</b>	<b>2.772</b>	<b>182.860</b>	<b>707.719</b>
Short-term borrowings	28.907	-	-	-	28.907
Other short-term liabilities	22.071	438.411	83	40	460.605
Long-term borrowings	5.000	-	-	-	5.000
Other long-term liabilities	2.437	-	16	2.490	4.943
<b>Total Liabilities</b>	<b>58.415</b>	<b>438.411</b>	<b>99</b>	<b>2.530</b>	<b>499.455</b>
Net Assets	25.254	7	2.673	180.330	208.264
Group's Ownership Rate	50%	40%	30%	50%	
<b>Group's Share on Net Assets</b>	<b>12.627</b>	<b>3</b>	<b>802</b>	<b>90.165</b>	<b>103.597</b>

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.)

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

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

1 January - 31 March 2020	H-T Fidicilik	Azfen	Black Sea Gübre	Florya Gayrimenkul	Denkmal Dahlem	Total
Revenue	26.524	242.530	-	-	-	269.054
Depreciation and amortization expense (-)	(536)	(5.300)	-	-	-	(5.836)
Operating profit (loss)	3.127	49.253	(403)	-	-	51.977
Financial income	16	-	155	-	-	171
Financial expense (-)	(1.062)	-	-	-	-	(1.062)
Tax expense (-)	(441)	-	1	-	-	(440)
Profit (Loss) for the Period	1.640	49.253	(248)	-	-	50.645
Group's Ownership Rate	50%	40%	30%	50%	-	
Group's Share on Profit (Loss) for the Period	820	19.701	(74)	-	-	20.447

1 January - 31 March 2019	H-T Fidicilik	Azfen	Black Sea Gübre	Florya Gayrimenkul	Denkmal Dahlem (*)	Total
Revenue	20.583	54.109	-	-	-	74.692
Depreciation and amortization expense (-)	(639)	(9.215)	-	-	(37)	(9.891)
Operating profit (loss)	2.610	14.502	(354)	-	(1.359)	15.399
Financial income	1	-	242	-	-	243
Financial expense (-)	(1.721)	-	(32)	-	(1.371)	(3.124)
Tax expense (-)	(211)	(2.902)	-	(4)	-	(3.117)
Profit (Loss) for the Period	680	11.610	(155)	(4)	(2.730)	9.401
Group's Ownership Rate	50%	40%	30%	50%	%45	
Group's Share on Profit (Loss) for the Period	340	4.644	(47)	(2)	(1.229)	3.706

(\*) Classified to subsidiaries on 30 July 2019 (Note: 4).

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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
<b>Cost Value</b>				
Opening balance as of 1 January 2020	5.118.716	108.650	161.229	103.618
Currency translation effect	276.156	6.936	5.121	6.207
Additions	71.317	1.416	-	3.613
Acquired through business combination	10.877	1.907	-	-
Disposals	(11.790)	(1.499)	-	(116)
Transfers from inventory	-	-	3.485	-
Closing balance as of 31 March 2020	<u>5.465.276</u>	<u>117.410</u>	<u>169.835</u>	<u>113.322</u>
<b>Accumulated Depreciation and Amortization</b>				
Opening balance as of 1 January 2020	(2.983.510)	(63.615)	(35.871)	(48.436)
Currency translation effect	(200.480)	(5.134)	24	(4.471)
Charge for the period	(56.673)	(2.486)	(611)	(10.733)
Disposals	5.389	847	-	24
Closing balance as of 31 March 2020	<u>(3.235.274)</u>	<u>(70.388)</u>	<u>(36.458)</u>	<u>(63.616)</u>
Carrying value as of 31 March 2020	<u>2.230.002</u>	<u>47.022</u>	<u>133.377</u>	<u>49.706</u>
<b>Cost Value</b>				
Opening balance as of 1 January 2019	4.691.268	84.622	142.130	51.002
Currency translation effect	177.446	3.651	2.845	-
Additions	55.808	2.782	-	1.073
Disposals	(113.809)	-	-	-
Transfers from assets classified as held for sale	-	-	7.229	-
Transfers from inventory	-	-	247	-
Closing balance as of 31 March 2019	<u>4.810.713</u>	<u>91.055</u>	<u>152.451</u>	<u>52.075</u>
<b>Accumulated Depreciation and Amortization</b>				
Opening balance as of 1 January 2019	(2.702.042)	(49.506)	(33.781)	-
Currency translation effect	(124.846)	(2.869)	-	-
Charge for the period	(52.477)	(2.379)	(496)	(5.650)
Disposals	113.481	-	-	-
Closing balance as of 31 March 2019	<u>(2.765.884)</u>	<u>(54.754)</u>	<u>(34.277)</u>	<u>(5.650)</u>
Carrying value as of 31 March 2019	<u>2.044.829</u>	<u>36.301</u>	<u>118.174</u>	<u>46.425</u>

The fair value of the Group’s investment property has been determined based on a valuation carried out by independent expertise which has no connection with the Group and is one of the independent valuers accredited by Capital Market Board. Valuation work has been concluded based on fair value of similar properties. The fair value of the investment properties as of 31 March 2020 is 562.751 (31 March 2019: 501.359) according to the valuation carried out by independent expert.



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

##### (b) Goodwill

<u>Subsidiaries Acquired</u>	<u>Nature of Business</u>	<u>Date of Acquisition</u>	<u>Ratio of Shares Acquired</u>	<u>Acquisition Price</u>	<u>Goodwill</u>
Gate İnşaat Taahhüt San. ve Tic. A.Ş.	Engineering & Contracting	25 July 2018	50%	140.400	-
CFS Petrokimya Sanayi A.Ş.	Chemical Industry	31 May 2019	100%	8.518	8.799
Denkmal in Dahlem Otto-Hahn-Platz GmbH	Engineering & Contracting	30 July 2019	80%	37.750	16.082
Toros Gönen Yenilenebilir Enerji Üretim A.Ş.	Chemical Industry	31 July 2019	70%	42.946	41.608
Toros Meram Yeşil Enerji Üretim A.Ş.	Chemical Industry	14 February 2020	99,9%	24.084	20.622
				<b>253.698</b>	<b>87.111</b>

Breakdown of the acquisition price is as follows:

	<u>Gate</u>	<u>CFS</u>	<u>Denkmal Dahlem</u>	<u>Gönen Enerji</u>	<u>Meram Enerji</u>	<u>Total</u>
Paid in cash	140.400	8.518	37.750	42.946	24.084	253.698
<b>Acquisition price</b>	<b>140.400</b>	<b>8.518</b>	<b>37.750</b>	<b>42.946</b>	<b>24.084</b>	<b>253.698</b>

The identifiable assets and liabilities of CFS, Denkmal Dahlem, Gönen Enerji and Meram Enerji detailed below are temporarily reported under TFRS provisions. During the measurement period allowed by the standard, the assets and liabilities will be reevaluated. The main items related to assets acquired and liabilities undertaken at the acquisition dates are as follows:

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

##### (b) Goodwill (cont’d)

	<u>Gate</u>	<u>CFS</u>	<u>Denkmal Dahlem</u>	<u>Gönen Enerji</u>	<u>Meram Enerji</u>	<u>Total</u>
<b>Current assets</b>	<b>266.772</b>	<b>113</b>	<b>198.737</b>	<b>19.361</b>	<b>20.264</b>	<b>505.247</b>
Cash and cash equivalents	14.237	13	851	12.132	3.043	30.276
Other current assets	252.535	100	197.886	7.229	17.221	474.971
<b>Non-current assets</b>	<b>182.018</b>	<b>538</b>	<b>2.360</b>	<b>42.252</b>	<b>12.898</b>	<b>240.066</b>
Tangible and intangible assets	90.645	538	2.360	40.268	12.784	146.595
Other non-current assets	91.373	-	-	1.984	114	93.471
<b>Current liabilities</b>	<b>354.581</b>	<b>932</b>	<b>72.439</b>	<b>27.746</b>	<b>29.697</b>	<b>485.395</b>
<b>Non-current liabilities</b>	<b>4.248</b>	<b>-</b>	<b>101.573</b>	<b>31.956</b>	<b>-</b>	<b>137.777</b>
<b>Net assets</b>	<b>89.961</b>	<b>(281)</b>	<b>27.085</b>	<b>1.911</b>	<b>3.465</b>	<b>122.141</b>

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

	<u>Gate</u>	<u>CFS</u>	<u>Denkmal Dahlem</u>	<u>Gönen Enerji</u>	<u>Meram Enerji</u>	<u>Total</u>
Acquisition price	140.400	8.518	37.750	42.946	24.084	253.698
Non-controlling interest	-	-	5.417	573	3	5.993
Fair value of previously-held interest in the acquired company	44.981	-	-	-	-	44.981
Less: Fair value of net assets of the acquired company	(89.961)	281	(27.085)	(1.911)	(3.465)	(122.141)
Impairment (-)	(95.420)	-	-	-	-	(95.420)
<b>Goodwill</b>	<b>-</b>	<b>8.799</b>	<b>16.082</b>	<b>41.608</b>	<b>20.622</b>	<b>87.111</b>

As a result of the impairment test carried out during the year ended on 31 December 2019, a provision for impairment has been recognized for the portion of the recoverable value of the goodwill arising from Gate exceeding the carrying amount. In accordance with the share acquisition agreement, 3.807 additional payment was made to former shareholders of CFS in the current period.

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

##### (b) Goodwill (cont'd)

Net cash outflow concerning the acquisitions is as follows:

	<b>Gate</b>	<b>CFS</b>	<b>Denkmal Dahlem</b>	<b>Gönen Enerji</b>	<b>Meram Enerji</b>	<b>Total</b>
Paid in cash	140.400	8.518	37.750	42.946	24.084	253.698
Less: Cash and cash equivalents of the acquired company	(7.119)	(13)	(851)	(12.132)	(3.043)	(23.158)
<b>Net cash outflow</b>	<b>133.281</b>	<b>8.505</b>	<b>36.899</b>	<b>30.814</b>	<b>21.041</b>	<b>230.540</b>

Movement of Goodwill is as follows:

	<b>Gate</b>	<b>CFS</b>	<b>Denkmal Dahlem</b>	<b>Gönen Enerji</b>	<b>Meram Enerji</b>	<b>Total</b>
Opening balance as of 1 January 2020	-	4.992	14.824	41.608	-	61.424
Additions	-	3.807	-	-	20.622	24.429
Currency translation effect	-	-	1.258	-	-	1.258
<b>Closing balance as of 31 March 2020</b>	<b>-</b>	<b>8.799</b>	<b>16.082</b>	<b>41.608</b>	<b>20.622</b>	<b>87.111</b>
Opening balance as of 1 January 2019	79.896	-	-	-	-	79.896
Currency translation effect	5.582	-	-	-	-	5.582
<b>Closing balance as of 31 March 2019</b>	<b>85.478</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>85.478</b>

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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 2021 according to their opening dates. Annual weighted average interest rate of the existing short-term loans is 3,26% for USD, 2,62% for EUR and 9,94% for TL (31 December 2019: 5,88% for USD, 2,62% for EUR and 17,54% for TL). There is not any long-term loan in terms of USD, weighted average interest rate of the existing long-term loans is 3,61% for EUR and 11,60% for TL (31 December 2019: USD None, EUR 5,54%, TL 11,94%).

Within the scope of TFRS 16 Leases standard implementation, lease liabilities of 19.441 and 30.772 in the aggregate 50.213 included in short-term and long-term borrowings respectively (31 December 2019: 25.109 short-term, 31.669 long-term in the aggregate 56.778).

The subsidiary of the Company, Toros Tarım, has borrowed ECA (SACE) and ECA (Hermes) bank loans from Unicredit Bank Austria AG in August 2013 and Deutsche Bank AG in January 2014 for sulfuric acid facility in Samsun factory. The duration of repayments for Unicredit Bank Austria AG loan lasts 7 years, including no principal payment within the first 2 years and 10 equal payments in 5 years where duration of repayments for Deutsche Bank AG loan lasts 6,5 years with 10 equal payments, including no principal payment within first 1,5 years. The interest rates for Unicredit Bank Austria AG and Deutsche Bank AG loans are 6 months Euribor plus 2% and 6 months Euribor plus 0,9% respectively. Toros Tarım fulfilled the financial performance criterias obliged due to the agreement as of 31 March 2020. As of 31 March 2020, remaining balance of the loans used from Unicredit Bank Austria AG and Deutsche Bank AG after principle payments is 40.126 (5.562 Thousand EUR) and 45.401 (6.293 Thousand EUR) respectively. Principle payments made to the loans from Unicredit Bank Austria AG an Deutsche Bank AG for the period ended 31 March 2020 is 40.126 (5.562 Thousand EUR) and 45.401 (6.293 Thousand EUR) respectively.

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

	31 March 2020	31 December 2019
Short-term provisions	437.813	357.635
Long-term provisions	69.843	72.118
Total provisions	<u>507.656</u>	<u>429.753</u>
Employment termination benefits provision	118.613	117.115
Unused vacation pay liability provision	58.664	52.218
Premium provision	64.643	63.704
Total provisions attributable to employee benefits	<u>241.920</u>	<u>233.037</u>
Provision for litigation	14.135	13.382
Other liability provisions	251.601	183.334
Other provisions	<u>265.736</u>	<u>196.716</u>
Total provisions	<u>507.656</u>	<u>429.753</u>

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

	Employment Termination Benefits Provision	Unused Vacation Pay Liability Provision	Premium Provision	Total Provisions Attributable to Employee Benefits
Opening balance as of 1 January 2020	117.115	52.218	63.704	233.037
Currency translation effect	6.396	3.216	5.303	14.915
Charge for the period	10.557	8.470	9.107	28.134
Interest expense	775	-	-	775
Provision paid during the period	(13.779)	(4.957)	(12.005)	(30.741)
Provision released	(36)	(283)	(1.466)	(1.785)
Actuarial gain	(2.415)	-	-	(2.415)
Closing balance as of 31 March 2020	<u>118.613</u>	<u>58.664</u>	<u>64.643</u>	<u>241.920</u>
Opening balance as of 1 January 2019	106.638	40.841	37.332	184.811
Currency translation effect	3.527	1.815	(222)	5.120
Charge for the period	4.939	5.689	17.806	28.434
Interest expense	926	-	-	926
Provision paid during the period	(7.810)	(2.566)	(39.923)	(50.299)
Provision released	-	(114)	(1.770)	(1.884)
Actuarial gain	(5.580)	-	-	(5.580)
Closing balance as of 31 March 2019	<u>102.640</u>	<u>45.665</u>	<u>13.223</u>	<u>161.528</u>

Termination benefit pay calculated as of 31 March 2020 is subject to upper limit of 6.730,15 Turkish Lira (31 March 2020: 6.730,15 Turkish Lira).

	Provision for Litigation	Other Liability Provisions	Total Other Provisions
Opening balance as of 1 January 2020	13.382	183.334	196.716
Currency translation effect	460	20.793	21.253
Charge for the period	650	49.936	50.586
Provision paid during the period	(287)	-	(287)
Provision released	(70)	(2.462)	(2.532)
Closing balance as of 31 March 2020	<u>14.135</u>	<u>251.601</u>	<u>265.736</u>
Opening balance as of 1 January 2019	12.803	184.155	196.958
Currency translation effect	202	8.717	8.919
Charge for the period	2.226	23.747	25.973
Provision paid during the period	(590)	(32)	(622)
Provision released	(632)	(71.804)	(72.436)
Closing balance as of 31 March 2019	<u>14.009</u>	<u>144.783</u>	<u>158.792</u>

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

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

##### Litigations:

As of 31 March 2020, lawsuit filed against the Group is totally 212.385 (31 December 2019: 203.760) and it has been decided to accrue 14.135 (31 December 2019: 13.382) 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 our Announcement of 18 June 2015. In our subsequent announcement of 12 October 2015, we have further reported that a second arbitration case has been filed at the ICC against the Libyan State on the basis of the Agreement on the Mutual Promotion and Protection of Investments ("AMPPI") signed between the Libyan and Turkish States. The partial award handed down in relation to the contractual arbitration case filed with the ICC on the basis of this Agreement has been notified to the Tekfen TML J.V.

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

The decision of the ICC is final. Since Tekfen TML J.V. claims the Libyan State is also responsible for the loss, it filed a lawsuit with the Swiss Federal Court, which is the legal arbitration place, for annulment of the decision of the ICC concerning contrary situation. The lawsuit filed at the Swiss Federal Court has been rejected on the grounds that the arbitration agreement could not be extended to the Libyan State. In accordance with the decision of the Arbitral Tribunal, the parties continue conciliation negotiations for the remainder of the proceedings.

The enforcement of the above mentioned partial award may only be done following an enforcement decision of a domestic court. This can only be acquired as a result of a recognition and enforcement lawsuit that can be filed in various countries in connection with the partial award handed down. Furthermore, as the collection of this award is also dependent on the determination of the defendant's (that is, the MMRA's) material assets, and on the actual execution of the award with regard to these assets, at this stage none of the above-mentioned legal processes will have any effect whatsoever on the consolidated financial statements of the Group.

The arbitration case detailed above is the judicial remedy of Tekfen TML J.V.'s contract with MMRA. At an additional arbitration case filed against Libyan State that is based on the AMPPI between Turkey and Libyan State, the Arbitration Tribunal has ruled that the case falls within its jurisdiction, and contrary to Tekfen TML J.V.'s claim, ruled that Libya did not violate its obligation to protect and act equally under AMPPI and international customary law. As part of this decision, the Arbitration Tribunal has ruled that Tekfen TML J.V. is responsible for an amount of 2.700 Thousand GBP to Libya for trial costs. Tekfen TML J.V. has started initiatives to offset this amount from the amount of compensation awarded in its favor which is announced on 5 November 2018.

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2020

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

#### 15. COMMITMENTS

The guarantee, pledge and mortgage ("GPM") position tables of the Group as of 31 March 2020 and 31 December 2019 are as follows:

31 March 2020	Equivalent of Thousands TL	Thousands	Thousands	Other
		of US Dollars	of EUR	(Equivalent of Thousands TL)
A. GPM given on behalf of its own legal entity	-	-	-	-
-Guarantee	-	-	-	-
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
B. GPM given on behalf of subsidiaries that are included in full consolidation	14.353.303	1.294.090	96.787	5.222.697
-Guarantee	14.006.177	1.294.090	60.387	5.138.197
-Pledge	-	-	-	-
-Mortgage	347.126	-	36.400	84.500
C. GPM given in order to guarantee third parties' debts for the routine trade operations	13.870	-	-	13.870
-Guarantee	13.870	-	-	13.870
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
D. Total amounts of other GPM given	-	-	-	-
i. Total amount of GPM given on behalf of parent company	-	-	-	-
ii. Total amount of GPM given on behalf of other group companies that are not included group B and C	-	-	-	-
iii. Total amount of GPM given on behalf of third parties that are not included group C	-	-	-	-
<b>Total as of 31 March 2020</b>	<b>14.367.173</b>	<b>1.294.090</b>	<b>96.787</b>	<b>5.236.567</b>

  

31 December 2019	Equivalent of Thousands TL	Thousands	Thousands	Other
		of US Dollars	of EUR	(Equivalent of Thousands TL)
A. GPM given on behalf of its own legal entity	-	-	-	-
-Guarantee	-	-	-	-
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
B. GPM given on behalf of subsidiaries that are included in full consolidation	13.214.745	1.415.905	99.405	4.142.886
-Guarantee	12.888.163	1.415.905	63.005	4.058.386
-Pledge	-	-	-	-
-Mortgage	326.582	-	36.400	84.500
C. GPM given in order to guarantee third parties' debts for the routine trade operations	30.765	-	-	30.765
-Guarantee	30.765	-	-	30.765
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
D. Total amounts of other GPM given	-	-	-	-
i. Total amount of GPM given on behalf of parent company	-	-	-	-
ii. Total amount of GPM given on behalf of other group companies that are not included group B and C	-	-	-	-
iii. Total amount of GPM given on behalf of third parties that are not included group C	-	-	-	-
<b>Total as of 31 December 2019</b>	<b>13.245.510</b>	<b>1.415.905</b>	<b>99.405</b>	<b>4.173.651</b>

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

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

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

#### 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.

#### 17. EQUITY

##### Capital / Capital Structure Adjustment

The capital structure as of 31 March 2020 and 31 December 2019 is as follows:

Shareholders	(%)	31 March 2020	(%)	31 December 2019
Berker family	22,55%	83.422	22,55%	83.422
Gökyiğit family	22,14%	81.910	22,13%	81.865
Akçağlılar family	6,65%	24.611	6,65%	24.611
Other (*)	0,78%	2.898	1,54%	5.683
Publicly traded	47,88%	177.159	47,13%	174.419
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.

#### 18. EARNINGS PER SHARE

	1 January- 31 March 2020	1 January - 31 March 2019
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)	47.059	782.267
Earnings per share from continuing operations (TL)	0,127	2,114



## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2020

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

#### 19. OTHER OPERATING INCOME AND EXPENSES

	1 January- 31 March 2020	1 January - 31 March 2019
<b>Other operating income</b>		
Foreign exchange income from operations	121.687	37.141
Due date difference income	20.999	28.020
Discount income	3.764	9.258
Rental income	1.409	412
Hedging income (Note: 21)	1.155	29.165
Social security premium refund income	995	501
Government grants and incentives income	727	1.029
Scrap sales income	406	400
Indemnity income	358	-
Reversal of litigation provision (Note: 14)	70	632
Reversal of other provisions (Note: 14)	-	794
Other income	6.380	5.134
	<u>157.950</u>	<u>112.486</u>
	1 January- 31 March 2020	1 January - 31 March 2019
<b>Other operating expenses (-)</b>		
Foreign exchange losses from operations	(218.079)	(112.895)
Hedging expenses (Note: 21)	(11.710)	(615)
Discount expenses	(8.034)	(8.926)
Litigation provision (Note: 14)	(650)	(2.226)
Grants and contributions	(424)	(99)
Due date difference expenses	(83)	(8.805)
Damages subject to litigation	(14)	(80)
Other expenses	(1.542)	(5.654)
	<u>(240.536)</u>	<u>(139.300)</u>

#### 20. FINANCIAL INCOME AND EXPENSES

	1 January- 31 March 2020	1 January - 31 March 2019
<b>Financial income</b>		
Foreign exchange gains	150.241	114.037
Interest income	17.720	52.925
Currency translation reserve gains	9.557	4.354
Other financial income	108	158
	<u>177.626</u>	<u>171.474</u>
	1 January- 31 March 2020	1 January - 31 March 2019
<b>Financial expenses (-)</b>		
Foreign exchange losses	(59.773)	(34.894)
Interest expenses	(19.459)	(23.959)
Other financial expenses	(6.534)	(3.086)
Less: Financial expenses included in costs of inventories	-	119
	<u>(85.766)</u>	<u>(61.820)</u>

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2020

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

#### 21. DERIVATIVE INSTRUMENTS

	31 March 2020		31 December 2019	
	Assets	Liabilities	Assets	Liabilities
Forward foreign exchange contracts	14.370	10.032	211	29.939
Current	14.370	10.032	211	29.939
Non-current	-	-	-	-
	<u>14.370</u>	<u>10.032</u>	<u>211</u>	<u>29.939</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 2020	31 December 2019
Forward foreign exchange contracts	541.577	609.791
	<u>541.577</u>	<u>609.791</u>

As of 31 March 2020, the fair value of the Toros Tarım’s currency derivatives is estimated to be 14.370 assets and 10.032 liabilities which is negative 4.338 (31 December 2019: assets 211, liabilities 29.939, negative 29.728). 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 2019: Level 2). There have been no changes in the purpose or use of derivative instruments.

The fair value of currency derivatives that are designated and effective as cash flow hedges amounting to positive 3.383 has been deferred in equity (31 December 2019: negative 23.183). There are no ineffective cash flow hedges for the period (31 March 2019: None). Gains amounting to 1.155 and expenses amounting to 11.710 concerning matured derivative contracts during the period have been recognized in profit or loss (31 March 2019: Gains amounting to 29.165 and expenses amounting to 615 concerning matured derivative contracts during the period have been recognized in profit or loss).

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2020

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

#### 22. FOREIGN CURRENCY POSITION

31 March 2020	Equivalent of Thousands of TL	Thousands of US Dollars	Thousands of EUR	Thousands of GBP	Other (Equivalent of Thousands of TL)
1. Trade Receivables	289.454	12.338	9.247	334	139.651
2. Monetary Financial Assets	2.287.574	260.206	80.485	10	11.292
3. Other	46.376	782	1.825	21	27.944
4. CURRENT ASSETS	2.623.404	273.326	91.557	365	178.887
5. Trade Receivables	91.586	-	-	-	91.586
6. Monetary Financial Assets	593	-	-	-	593
7. Other	24.123	10	3.273	-	443
8. NON-CURRENT ASSETS	116.302	10	3.273	-	92.622
9. TOTAL ASSETS	2.739.706	273.336	94.830	365	271.509
10. Trade Payables	1.374.563	166.343	13.377	27	193.939
11. Financial Liabilities	216.519	2	23.630	-	46.016
12. Monetary Other Liabilities	221.006	1.596	8.366	-	150.246
12b. Non-Monetary Other Liabilities	16.010	1.910	494	-	-
13. CURRENT LIABILITIES	1.828.098	169.851	45.867	27	390.201
14. Trade Payables	28.488	23	55	-	27.941
15. Financial Liabilities	27.229	-	3.774	-	-
16. Monetary Other Liabilities	25.070	550	4	-	21.457
17. NON-CURRENT LIABILITIES	80.787	573	3.833	-	49.398
18. TOTAL LIABILITIES	1.908.885	170.424	49.700	27	439.599
19. Net Position of Off-balance Sheet Derivative Instruments (19a-19b)	526.428	80.790	-	-	-
19a. Derivative Assets	526.428	80.790	-	-	-
19b. Derivative Liabilities	-	-	-	-	-
20. Net Foreign Currency Assets / Liabilities Position	1.357.249	183.702	45.130	338	(168.090)
21. Monetary Items Net Foreign Currency Assets / Liabilities position (1+2+5+6-10-11-12-14-15-16)	776.332	104.030	40.526	317	(196.477)
22. Fair Value of Derivative Instruments Held for Hedging	4.338	666	-	-	-

Translated into English from the report originally issued in Turkish.

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2020

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

#### 22. FOREIGN CURRENCY POSITION (cont’d)

31 December 2019	Equivalent of Thousands of TL	Thousands of US Dollars	Thousands of EUR	Thousands of GBP	Other (Equivalent of Thousands of TL)
1. Trade Receivables	499.376	8.309	52.376	191	100.202
2. Monetary Financial Assets	1.749.575	181.557	88.977	15	79.223
3. Other	70.561	5.916	1.345	12	26.380
4. CURRENT ASSETS	2.319.512	195.782	142.698	218	205.805
5. Trade Receivables	15	-	-	-	15
6. Monetary Financial Assets	594	2	-	-	582
7. Other	24.831	12	3.723	-	-
8. NON-CURRENT ASSETS	25.440	14	3.723	-	597
9. TOTAL ASSETS	2.344.952	195.796	146.421	218	206.402
10. Trade Payables	1.217.676	172.076	11.825	27	116.657
11. Financial Liabilities	232.456	2	34.775	-	1.170
12. Monetary Other Liabilities	186.055	120	5.308	-	150.041
12b. Non-Monetary Other Liabilities	4.805	716	83	-	-
13. CURRENT LIABILITIES	1.640.992	172.914	51.991	27	267.868
14. Trade Payables	2.089	-	55	-	1.723
15. Financial Liabilities	28.292	-	4.254	-	-
16. Monetary Other Liabilities	22.109	353	4	-	19.986
17. NON-CURRENT LIABILITIES	52.490	353	4.313	-	21.709
18. TOTAL LIABILITIES	1.693.482	173.267	56.304	27	289.577
19. Net Position of Off-balance Sheet Derivative Instruments (19a-19b)	562.240	94.650	-	-	-
19a. Derivative Assets	562.240	94.650	-	-	-
19b. Derivative Liabilities	-	-	-	-	-
20. Net Foreign Currency Assets / Liabilities Position	1.213.710	117.179	90.117	191	(83.175)
21. Monetary Items Net Foreign Currency Assets / Liabilities position (1+2+5+6-10-11-12-14-15-16)	560.883	17.317	85.132	179	(109.555)
22. Fair Value of Derivative Instruments Held for Hedging	(29.728)	(5.005)	-	-	-

Translated into English from the report originally issued in Turkish.

## TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

### NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2020

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

#### 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 2020	
	Profit / (Loss)	
	Appreciation of foreign currencies	Depreciation of foreign currencies
	If US Dollars changes 5% against TL	
US Dollars net assets / liabilities	59.850	(59.850)
	If Euro changes 5% against TL	
Euro net assets / liabilities	16.281	(16.281)
	If other foreign currencies changes 5% against TL	
Other foreign currency assets / liabilities	(8.269)	8.269
TOTAL	67.862	(67.862)
	31 December 2019	
	Profit / (Loss)	
	Appreciation of foreign currencies	Depreciation of foreign currencies
	If US Dollars change 5% against TL	
US Dollars net assets / liabilities	34.803	(34.803)
	If Euro changes 5% against TL	
Euro net assets / liabilities	29.967	(29.967)
	If other foreign currencies change 5% against TL	
Other foreign currency net assets / liabilities	(4.084)	4.084
TOTAL	60.686	(60.686)

#### 23. SUBSEQUENT EVENTS

After the balance sheet date, General Assembly of Akmerkez Gayrimenkul Yatırım Ortaklığı A.Ş. (Akmerkez GYO), the Company’s fair value through other comprehensive income financial investment, whose shares are publicly traded, was held. The Company's share in the dividend to be distributed to shareholders based on the decision of the General Assembly is 11.255.550 Turkish Lira and collection of 5.627.775 Turkish Lira, which is half of this amount, was realized on 30 April 2020. Remaining 5.627.775 Turkish Lira dividend will be collected until 15 December 2020.

After the balance sheet date, donation of 5.000.000 Turkish Lira made to charity campaign titled “Biz Bize Yeteriz Türkiyem” within the scope of the ongoing struggle against COVID-19.

After the balance sheet date, two projects carried out by the Group in Kazakhstan were temporarily suspended by employer administrations within the scope of COVID-19 measures and the evacuation of our employees has started. The amount of work remaining from these projects is 1.435.250.669 Turkish Lira (220.265.603 USD). Negotiations are in progress in line with our signed contracts with the employer administrations to cover our additional costs that may arise as a result of this situation.

As of reporting date, there is positive change of 21.144.353 Turkish Lira in the fair value of Akmerkez GYO.