

**TEKFEN HOLDİNG ANONİM ŐİRKETİ
AND ITS SUBSIDIARIES**

CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE SIX MONTH
INTERIM PERIOD
ENDED 30 JUNE 2022
TOGETHER WITH
REVIEW REPORT

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



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Independent Auditor’s Report on Review of Interim Financial Information

To the Board of Directors of Tekfen Holding Anonim Şirketi

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Tekfen Holding Anonim Şirketi (the “Company”) and its subsidiaries (the “Group”) as at 30 June 2022, and the condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six month period then ended, and notes to the interim financial information (“the condensed consolidated interim financial information”). Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with Turkish Accounting Standard 34 *Interim Financial Reporting* (“TAS 34”) issued by the Public Oversight Accounting and Auditing Standards Authority (“POA”). Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with Standard on Review Engagements 2410, *“Review of Interim Financial Information Performed by the Independent Auditor of the Entity”*. A review of condensed consolidated interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with TAS 34.

to the employer for the re-determination of project costs and contract revenues.

Additional paragraph for convenience translation to English:

The accounting principles summarized in Note 2, differ from the accounting principles generally accepted in countries in which the accompanying consolidated financial statements are to be distributed and International Financial Reporting Standards ("IFRS"). Accordingly, the accompanying (consolidated) financial statements are not intended to present the financial position and results of operations in accordance with accounting principles generally accepted in such countries of users of the consolidated financial statements and IFRS.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.

Alper Güvenç, SMMM
Partner

11 August 2022
İstanbul, Türkiye

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

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

ASSETS	Notes	Reviewed 30 June 2022	Audited 31 December 2021
Current Assets		20.101.916	15.407.337
Cash and cash equivalents	7	3.463.407	5.064.108
Financial investments	4	2.584.900	51.845
Trade receivables	8	4.348.624	2.814.220
- <i>Related party receivables</i>		65.923	50.462
- <i>Trade receivables</i>		4.282.701	2.763.758
Other receivables		111.104	101.659
- <i>Related party receivables</i>		2.902	-
- <i>Other receivables</i>		108.202	101.659
Contract assets arising from ongoing construction works	9	2.181.083	1.863.471
Derivative instruments	21	259.602	249.886
Inventories	10	5.635.703	3.952.236
Prepaid expenses		629.855	349.216
- <i>Prepaid expenses</i>		629.855	349.216
Assets related to current tax		233.986	434.363
Other current assets		594.357	476.648
- <i>Other current assets</i>		594.357	476.648
		20.042.621	15.357.652
Assets classified as held for sale		59.295	49.685
Non-Current Assets		7.896.157	6.506.236
Financial investments	23	2.452.211	1.866.285
Trade receivables	8	383.037	184.737
- <i>Trade receivables</i>		383.037	184.737
Other receivables		18.013	14.025
- <i>Other receivables</i>		18.013	14.025
Investments valued by equity method	11	124.767	95.625
Investment property	12	195.937	168.024
Property, plant and equipment	12	4.016.694	3.441.525
Right-of-use assets	12	50.078	62.194
Intangible assets	12	161.396	150.699
- <i>Goodwill</i>		102.017	95.687
- <i>Other intangible assets</i>		59.379	55.012
Prepaid expenses		68.627	52.255
- <i>Prepaid expenses</i>		68.627	52.255
Deferred tax assets		368.320	436.525
Other non-current assets		57.077	34.342
- <i>Other non-current assets</i>		57.077	34.342
TOTAL ASSETS		27.998.073	21.913.573

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

Translated into English from the report originally issued in Turkish.

TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2022

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

LIABILITIES	Notes	Reviewed 30 June 2022	Audited 31 December 2021
Current Liabilities		17.651.197	13.073.283
Short-term borrowings	13	4.631.009	3.088.485
Short-term portion of long-term borrowings		120.849	88.282
Trade payables	8	8.526.347	6.832.598
- Related party payables		2.583	10.174
- Trade payables		8.523.764	6.822.424
Payables related to employee benefits		142.801	126.891
Other payables		204.705	117.262
- Related party payables		10	-
- Other payables		204.695	117.262
Contract liabilities arising from ongoing construction works	9	923.621	457.701
Derivative instruments	21	392.093	198.465
Deferred revenue		1.739.074	880.956
- Deferred revenue		1.739.074	880.956
Current tax liability		163.779	499.325
Short-term provisions	14	801.961	777.228
- Short-term provisions attributable to employee benefits		251.267	260.389
- Other short-term provisions		550.694	516.839
Other short-term liabilities		4.958	6.090
- Other short-term liabilities		4.958	6.090
Non-Current Liabilities		1.391.054	1.114.830
Long-term borrowings	13	332.515	324.786
Trade payables	8	294.619	218.075
- Trade payables		294.619	218.075
Other payables		94.206	86.305
- Other payables		94.206	86.305
Deferred revenue		231	231
- Deferred revenue		231	231
Long-term provisions	14	343.518	288.417
- Long-term provisions attributable to employee benefits		343.438	288.362
- Other long-term provisions		80	55
Deferred tax liabilities		325.965	197.016
TOTAL LIABILITIES		19.042.251	14.188.113
EQUITY		8.955.822	7.725.460
Equity Attributable To Owners Of The Parent	5, 17	8.801.779	7.595.637
Paid in capital		370.000	370.000
Capital structure adjustment		3.475	3.475
Premiums in capital stock		300.984	300.984
Accumulated other comprehensive income that will not be reclassified to profit or loss		(506.108)	(359.392)
- Gain on investments in equity instruments		(511.030)	(362.986)
- Gain on revaluation and remeasurement		4.922	3.594
Accumulated other comprehensive income that will be reclassified to profit or loss		3.319.594	2.770.245
- Currency translation reserve		3.139.671	2.577.869
- Hedging reserve		179.923	192.376
Legal reserves		563.375	397.716
Prior years' income		3.672.851	3.273.381
Net profit (loss) for the period		1.077.608	839.228
Non-controlling Interests		154.043	129.823
TOTAL LIABILITIES AND EQUITY		27.998.073	21.913.573

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

Translated into English from the report originally issued in Turkish.

TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2022

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

	Notes	Reviewed 1 January- 30 June 2022	Unreviewed 1 April- 30 June 2022	Reviewed 1 January - 30 June 2021	Unreviewed 1 April- 30 June 2021
Revenue	6	12.995.146	7.699.320	7.421.542	3.630.951
Cost of revenue (-)		(11.251.611)	(6.256.510)	(6.324.843)	(3.184.604)
GROSS PROFIT		1.743.535	1.442.810	1.096.699	446.347
General administrative expenses (-)		(418.497)	(233.741)	(317.845)	(197.332)
Marketing expenses (-)		(335.506)	(195.284)	(169.966)	(78.904)
Research and development expenses (-)		(13.227)	(7.848)	(13.174)	(6.780)
Other operating income	19	1.402.221	800.057	240.928	105.500
Other operating expenses (-)	19	(1.809.463)	(1.024.044)	(403.690)	(147.901)
Share on profit of investments valued by equity method	11	18.128	(16.913)	40.938	46.379
OPERATING PROFIT		587.191	765.037	473.890	167.309
Investment income		482.209	291.965	259.928	259.250
Investment expense (-)		(114.449)	(65.456)	(21.578)	(21.561)
PROFIT BEFORE FINANCIAL INCOME (EXPENSE)		954.951	991.546	712.240	404.998
Financial income	20	1.116.606	385.998	544.183	179.913
Financial expenses (-)	20	(734.730)	(206.893)	(265.211)	(120.048)
PROFIT FROM CONTINUING OPERATIONS BEFORE TAXATION		1.336.827	1.170.651	991.212	464.863
Tax Expense from Continuing Operations (-)		(270.665)	(203.540)	(266.225)	(149.254)
Tax expense for the period (-)		(89.818)	(108.841)	(243.956)	(128.860)
Deferred tax expense (-)		(180.847)	(94.699)	(22.269)	(20.394)
PROFIT FROM CONTINUING OPERATIONS FOR THE PERIOD		1.066.162	967.111	724.987	315.609
Distribution of Profit for the Period					
Non-controlling interests		(11.446)	(5.062)	(4.361)	(1.578)
Owners of the parent	18	1.077.608	972.173	729.348	317.187
Earnings Per Share	18	2,912	2,627	1,971	0,857

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 OTHER COMPREHENSIVE INCOME FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2022

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

	Reviewed 1 January- 30 June 2022	Unreviewed 1 April- 30 June 2022	Reviewed 1 January - 30 June 2021	Unreviewed 1 April- 30 June 2021
PROFIT FOR THE PERIOD	1.066.162	967.111	724.987	315.609
OTHER COMPREHENSIVE INCOME:				
<u>Items that will not be reclassified to profit or loss</u>	(146.651)	(124.714)	(83.704)	(52.519)
Gain (loss) on investments in equity instruments	(147.812)	(127.720)	(95.139)	(53.513)
Gain (loss) on revaluation of defined benefit plans	1.291	738	8.205	(1.789)
Taxes based on other comprehensive income that will not be reclassified to profit or loss	(130)	2.268	3.230	2.783
- <i>Deferred tax (expense) income</i>	(130)	2.268	3.230	2.783
<u>Items that will be reclassified to profit or loss</u>	585.015	375.684	456.537	143.646
Currency translation reserve differences	597.468	339.909	444.039	135.668
Other comprehensive income related to cash flow hedging	(16.173)	46.461	17.267	11.617
Taxes based on other comprehensive income that will be reclassified to profit or loss	3.720	(10.686)	(4.769)	(3.639)
- <i>Deferred tax expense (-)</i>	3.720	(10.686)	(4.769)	(3.639)
OTHER COMPREHENSIVE INCOME	438.364	250.970	372.833	91.127
TOTAL COMPREHENSIVE INCOME	1.504.526	1.218.081	1.097.820	406.736
Distribution of Total Comprehensive Income for the Period				
Non-controlling interests	24.220	14.230	6.191	1.458
Owners of the parent	1.480.306	1.203.851	1.091.629	405.278

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TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2022

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

				Items not to be reclassified to profit or loss		Items to be reclassified to profit or loss	Retained Earnings						
	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
Reviewed													
Opening balance as of 1 January 2021	370.000	3.475	300.984	292.516	13	1.055.947	7.236	382.727	3.377.366	(60.125)	5.730.139	80.761	5.810.900
Transfers	-	-	-	-	-	-	-	14.878	(75.003)	60.125	-	-	-
Total comprehensive income	-	-	-	(90.268)	6.564	433.487	12.498	-	-	729.348	1.091.629	6.191	1.097.820
- Profit (loss) for the period	-	-	-	-	-	-	-	-	-	729.348	729.348	(4.361)	724.987
- Other comprehensive income	-	-	-	(90.268)	6.564	433.487	12.498	-	-	-	362.281	10.552	372.833
Other changes	-	-	-	-	-	-	-	-	7.265	-	7.265	-	7.265
Closing balance as of 30 June 2021	370.000	3.475	300.984	202.248	6.577	1.489.434	19.734	397.605	3.309.628	729.348	6.829.033	86.952	6.915.985
Reviewed													
Opening balance as of 1 January 2022	370.000	3.475	300.984	(362.986)	3.594	2.577.869	192.376	397.716	3.273.381	839.228	7.595.637	129.823	7.725.460
Transfers	-	-	-	-	-	-	-	165.659	673.569	(839.228)	-	-	-
Total comprehensive income	-	-	-	(148.044)	1.393	561.802	(12.453)	-	-	1.077.608	1.480.306	24.220	1.504.526
- Profit (loss) for the period	-	-	-	-	-	-	-	-	-	1.077.608	1.077.608	(11.446)	1.066.162
- Other comprehensive income (expense)	-	-	-	(148.044)	1.393	561.802	(12.453)	-	-	-	402.698	35.666	438.364
Dividends	-	-	-	-	-	-	-	-	(274.164)	-	(274.164)	-	(274.164)
Other changes	-	-	-	-	(65)	-	-	-	65	-	-	-	-
Closing balance as of 30 June 2022	370.000	3.475	300.984	(511.030)	4.922	3.139.671	179.923	563.375	3.672.851	1.077.608	8.801.779	154.043	8.955.822

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TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2022

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

Notes	Reviewed 1 January - 30 June 2022	Reviewed 1 January - 30 June 2021
A. CASH FLOWS FROM OPERATING ACTIVITIES	(2.393.800)	34.680
Profit for the Period	1.066.162	724.987
Adjustments to Reconcile Net Profit	220.982	160.291
- Depreciation and Amortization	12 269.696	189.900
- Impairment/Reversed Provision	10, 12 (7.023)	24.449
- Provision Adjustments	8, 14 (60.019)	(35.494)
- Dividend Income and Expenses	(12.420)	(8.752)
- Interest Income and Expense Adjustments	20 133.551	9.252
- Gain/Loss on Fair Valuation	23 (330.220)	(248.080)
- Group's Share on Profit of Investments in Associates Accounted by Equity Method	11 (18.128)	(40.938)
- Allowance for Taxation	270.665	266.225
- Adjustments for Gain/Loss on Sale of Fixed Assets	12 (10.160)	3.729
- Adjustments for Gain/Loss on Sales of Joint Ventures	(14.960)	-
Movements in Working Capital	(3.289.650)	(599.222)
- Changes in Financial Investments	(2.657.765)	78.160
- Changes in Trade Receivables	8 (1.716.521)	(335.568)
- Changes in Other Assets	(150.928)	(49.033)
- Changes in Contract Assets Arising from Ongoing Construction Works	9 (317.612)	(600.005)
- Changes in Derivative Instruments	(198.462)	-
- Changes in Inventories	10 (1.243.586)	(409.919)
- Changes in Prepaid Expenses	(280.340)	(26.139)
- Changes in Trade Payables	8 1.809.973	654.426
- Changes in Payables Related to Employee Benefits	15.910	39.880
- Changes in Contract Liabilities Arising from Ongoing Construction Works	9 465.920	(77.526)
- Changes in Other Liabilities	125.643	25.126
- Changes in Deferred Revenue	858.118	101.376
Cash Generated by Operating Activities	(2.002.506)	286.056
Interest Paid	(91.813)	(64.296)
Interest Received	42.494	64.148
Payments Related to Employee Benefits	14 (116.271)	(55.026)
Other Provision Paid	14 (717)	(239)
Tax Paid/Return	(224.987)	(195.963)
B. CASH FLOWS FROM INVESTING ACTIVITIES	(439.937)	(304.876)
Cash Inflows from Sales of Shares or Capital Decrease of Associates or Joint Ventures	11 29.268	-
Cash Outflows for Payments due to Share Acquisition or Capital Increase of Associates or Joint Ventures	11 -	(444)
Cash Outflows for Acquisition of Shares in Other Entities or Shares in Funds or Borrowing Instruments	23 (84.092)	(87.922)
Proceeds from Sales of Tangible and Intangible Assets	12 16.565	7.180
Acquisition of Tangible and Intangible Assets	12 (394.096)	(232.966)
Proceeds from Sales of Investment Properties	12 1.542	-
Acquisition of Investment Properties	12 (1.924)	-
Advances and Debts Given	(16.671)	1.838
Dividend Received	9.471	7.438
C. CASH FLOWS FROM FINANCING ACTIVITIES	479.415	(198.519)
Proceeds from Borrowings	2.034.663	564.147
Repayments of Borrowings	(1.182.272)	(668.925)
Payments of Lease Obligations	(27.730)	(22.659)
Dividend Paid	4 (345.246)	(71.082)
CHANGE IN CASH AND CASH EQUIVALENTS BEFORE CURRENCY TRANSLATION RESERVE EFFECT	(2.354.322)	(468.715)
D. CURRENCY TRANSLATION RESERVE EFFECT ON CASH AND CASH EQUIVALENTS	753.621	384.040
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)	(1.600.701)	(84.675)
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5.064.108	3.259.116
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)	3.463.407	3.174.441

The accompanying notes form an integral part of these condensed consolidated financial statements.
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TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH INTERIM PERIOD ENDED 30 JUNE 2022

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

1. ORGANIZATION AND OPERATIONS OF THE GROUP

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

As of 30 June 2022, the Group has 13.381 employees (31 December 2021: 16.543) including the personnel of subcontractors. Registered address of the Company is Kültür Mahallesi, Budak Sokak, Tekfen Sitesi A Blok, No: 7, Beşiktaş, İstanbul, Türkiye.

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

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

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

Approval of condensed consolidated financial statements:

The condensed consolidated financial statements are approved and published by the Board of Directors as of 11 August 2022.

2. BASIS OF PRESENTATION OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

The accompanying condensed consolidated financial statements have been prepared in accordance with the Communiqué Series II, 14.1 “Communiqué on the Principles of Financial Reporting In Capital Markets” (“the Communiqué”) announced by the Capital Markets Board (“CMB”) on 13 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 15 April 2019.

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

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

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

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

Exchange rates used in the consolidation process as of 30 June 2022 are; 1 USD= 16,6690 TL, 1 EUR= 17,5221 TL, 1 AZN= 9,8053 TL, 1 SAR= 4,4451 TL, 1 QAR= 4,5668 TL, 1 RON= 3,5241 (Exchange rates as of 31 December 2021 are; 1 USD= 12,9775 TRY, 1 EUR= 14,6823 TRY, 1 AZN= 7,6338 TRY, 1 SAR= 3,4607 TRY, 1 QAR= 3,5555 TRY, 1 RON= 2,9498 TRY).

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3. ADOPTION OF NEW AND REVISED STANDARDS

New and revised standards and interpretations are presented below:

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

- Annual Improvements to TFRS 2018-2020 Cycle (TFRS 1, TFRS 9, TAS 41), effective for annual periods beginning after 1 January 2022.
- TFRS 3 (amendments), “Reference to the Conceptual Framework”, effective for annual periods beginning after 1 January 2022.
- TAS 16 (amendments), “Property, Plant and Equipment - Proceeds before Intended Use”, effective for annual periods beginning after 1 January 2022.
- TAS 37 (amendments), “Onerous Contracts - Cost of Fulfilling a Contract”, effective for annual periods beginning after 1 January 2022.

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

- None.

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

- TFRS 17 and TFRS 4 (amendments), postponement of the application of TFRS 9; effective for annual periods beginning after 1 January 2023.
- TFRS 17 “Insurance Contracts”, effective for annual periods beginning after 1 January 2023.
- TAS 1 (amendments), “Classification of Liabilities”, effective for annual periods beginning after 1 January 2024.
- TAS 12 (amendments), “Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction”, effective for annual periods beginning after 1 January 2023..
- TAS 8 (amendments), “Definition of Accounting Estimates”, effective for annual periods beginning after 1 January 2023.
- TAS 1 (amendments), “Disclosure of Accounting Policies”, effective for annual periods beginning after 1 January 2023.

The Group evaluates the effects of the standards issued and the standards not yet effective as of 30 June 2022 on its consolidated financial position and performance.

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

COVID-19 Pandemic

Novel Coronavirus (COVID-19) outbreak that occurred in Wuhan city of People's Republic of China in December 2019 spread to the whole world and was declared Pandemic by the World Health Organization on 11 March 2020. This situation affects social life and economic activities negatively in the geography where the Group operates. The Group’s management closely monitors the developments and takes measures to reduce the negative effects of the COVID-19 pandemic on the Group's consolidated financial position, consolidated financial performance and consolidated cash flows to an acceptable level. Within the scope of the measures taken, evaluations regarding the going concern of the Group have been reviewed in order to evaluate the going concern assumption of the business. The Group management believes that, despite the uncertain economic outlook, Group’s business risks can be managed successfully. On the other hand, management has a reasonable expectation that the Group will have the resources to provide sufficient liquidity reserves in the twelve-month period to maintain its operational existence. In addition, possible effects of cash flow risk has been reevaluated by recalculating Group budget projections with various scenarios, estimations and assumptions used in expected credit losses, impairment of assets within the Group, performance obligations within the scope of recognizing revenue has been reevaluated, independent valuation has been performed for significant portion of the financial assets measured at fair value and condensed consolidated financial statements, that prepared on the basis of going concern, have been prepared by taking into consideration of these evaluations. As of the reporting date, there is no significant issue affecting the Group's activities and the condensed consolidated financial statements other than those disclosed in the condensed consolidated financial statements.

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

Construction Projects

The COVID-19 pandemic, which has been effective since the last months of the year 2019 and caused delays in personnel, material and equipment logistics, has caused serious disruptions in the countries where the Engineering and Contracting segment operates.

The sudden decline in oil revenues and the serious and unpredictable financial burdens brought on the country budgets by the pandemic caused delays in contracting new projects, as well as delays in the progress payments of ongoing projects, and therefore bank loans have been used to ensure cash flow.

Some countries of operation suddenly imposed unilateral restrictions on employee visas, thus making it impossible to continue the ongoing projects efficiently. While some employers demand extension of the duration of the projects, in another country, unlike statistical information and documents, there were extraordinary situations that could not be predicted in advance such as adverse weather conditions and severe fluctuations in exchange rates.

Necessary precautions have been taken and efforts have been made to minimize possible damages in order to overcome these adversities in the slightest possible way. In addition to these measures, the processes foreseen in the contracts were initiated to compensate for the losses caused by all these unforeseen negativities.

The compensation and claim files prepared by the contract department together with international expert consulting firms have been submitted to the employer administrations in 2021. The Engineering and Contracting segment, which continues to work within the framework of contractual obligations during the extraordinary period, by taking every possible and reasonable precautions, will continue to negotiate diligently in 2022 for these justified demands to be concluded positively.

Current information about related projects is as follows;

Kazakhstan - Kuyubaşı Pressure Management Project:

Pursuant to the contract signed between Gate and Tengizchevroil on 24 July 2017, the construction, mechanical, electrical and instrument installation project in Kazakhstan's Tengiz oil and gas field was undertaken. The bid submitted to the pipeline tender in the same region was found successful by the Employer administration 19 January 2021 and the said pipeline works were added to the ongoing project with an Addendum.

The Addendum, which was prepared to cover the effects of the pandemic on the costs and duration of the project, was signed mutually and the relevant incomes were included in the attached consolidated financial statements. The expected current end-of-project income of the project is 15.163.539 (909.684.979 USD) and the financial completion rate of the project is 74,9% as of the balance sheet date.

Qatar - Al-Thumama Stadium Project:

Pursuant to the contract signed between Tekfen-Al Jaber J.V., which Tekfen İnşaat holds 50% ownership, and employer administration Qatar Supreme Committee for Delivery and Legacy on 10 December 2017, the engineering and construction works of the stadium complex project, where the 2022 World Cup Quarter Finals will be held in Qatar, were undertaken. The expected current end-of-project income of the project is 3.154.771 (690.798.221 QAR) and the financial completion rate of the project is 93,4% as of the balance sheet date.

During the construction process, due to the changes, as requested by the Employer administration, made in the design of the project to comply with FIFA Standards, it is expected that a total increase of 1.927.992 (422.171.087 QAR) will occur in the end-of-project cost and Group share of this increase has been included in the consolidated financial statements. Since an agreement could not be reached with the employer administration regarding the compensation of these additional costs, an application was made to the Claim Compensation Committee of the Ministry of Finance, which was established in accordance with the laws of Qatar, to resolve the dispute. Since an agreement could not be reached on the compensation request made to mentioned committee, no income was recognized in the consolidated financial statements as of reporting date.

Qatar - Al Khor Highway Project:

Pursuant to the contract signed between Tekfen İnşaat and Qatar Private Engineering Office (PEO) on 13 October 2016, the project, which consists of a 10-lane 34 km length highway and its infrastructure, various intersections, viaducts, under and overpasses, was undertaken. The expected current end-of-project income of the project is 42.169.211 (9.233.764.551 QAR) and the financial completion rate of the project is 98,2% as of the balance sheet date.

During the construction of the project, the revenues from the additional works performed with the instructions of the Employer administration are recognized in the consolidated financial statements in accordance with "TFRS 15 Revenue from Customer Contracts" standard and the management estimations. As of the reporting date, negotiations with the Employer administration regarding the Group's additional requests, which have not been included in the consolidated financial statements yet, are in progress.

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

Construction Projects (cont'd)

Saudi Arabia - Haradh Satellite Compressor Stations Pipelines Project:

Pursuant to the contract signed between Tekfen İnşaat and Saudi Arabian Oil Company on 30 July 2018, the Haradh Field Gas Increase Programme - Satellite Gas Compressor Stations Pipeline Construction Project was undertaken. The expected current end-of-project income of the project is 10.482.199 (2.358.164.614 SAR) and the financial completion rate of the project is 90,5% as of the balance sheet date.

Due to delays in materials supplied by the employer and time extensions originating from the employer, negative situations occur in the project. As of the report date, due to an increase in the estimated costs of the project, a total loss of 2.438.617 (548.611.923 SAR) is expected at the end of the project, and all of the expected loss has been recognized in the attached condensed consolidated financial statements. Due to the additional works performed, additional cost increases and time extensions, the negotiations for additional income demand continue within the scope of the contract signed with the Employer Administration.

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

Rusfen, one of the subsidiaries of the Group, signed a contract with Kharampurneftegaz LLC on 27 December 2019, for the construction and installation of 90 km length 48 "gas pipeline. The expected current end-of-project income of the project is 3.450.488 (10.691.565.185 Rus Rublesi Russian Rubles) and the financial completion rate of the project is 92% as of the balance sheet date.

While construction activities are in progress in Yamalo-Nenets autonomous region of Russia, various adverse events were experienced such as lack of cold weather conditions required for the implementation of the project in the first winter, the COVID-19 pandemic and the devaluation of the Russian Ruble against the US Dollar so that construction activity of the project could not be carried out temporarily. Due to the changing conditions, negotiations are continuing with the Employer Administration regarding the successful completion of the project and compensation of additional costs. On 30 December 2020, an amendment protocol was signed with the Employer administration, which includes the updated terms regarding project planning and project completion period, and the duration of the project was extended to May 2022. Although the necessary weather conditions were not fully established and the extreme cold weather conditions in the second winter of the project, the project activities are concluded within the framework of the work schedule. Although the Group has reduced the end-of-project costs as a result of getting better knowledge of the region and the conditions, the measures taken to reduce costs in the previous period and the developed business methods, there has not been positive progress as of the reporting date towards the compensation of the Group's claims despite intensive negotiations with the Employer administration in 2022. As of the reporting date, with additional 687.726 provisions set aside in 2021, a total of 1.507.737 (4.671.823.849 Russian Rubles) (2021: 820.011) loss is expected to occur at the end of the project, as the estimated costs of the project have increased, and the entire expected loss has been included in the consolidated financial statements. Negotiations with the employer administration for the compensation of all of these losses are in progress.

Financial Investments

Long term financial investments

During the six month interim period ended 30 June 2022, the positive change of 13.454 and negative change of 112.644 in the fair value of the Group's fair value through profit or loss long term financial investments has been recognized in the investment income and expenses lines of condensed consolidated statement of profit or loss (31 December 2021: 279.247 positive, 9.219 negative). The Group has purchased 71,694 financial investments at fair value through profit or loss during the period.

Payment amounting 12.398 was made on 12 January 2022 regarding the capital increase of Mersin Serbest Bölge İşleticisi A.Ş., a fair value through other comprehensive investment of the Group.

30 June 2022, the total amount of Eurobond accounts included in the long term financial investments is 124.710 (31 December 2021: None).

Short term financial investments

With the Law No. 7352 Amending the Tax Procedure Law and the Corporate Tax Law, published in the Official Gazette dated 29 January 2022 and numbered 31734, temporary article 14 was added to the Corporate Tax Law No. 5520. In accordance with the relevant article, taxpayers who have converted their foreign currencies and gold accounts in their balance sheets dated 31 December 2021 into Turkish Lira and whose Turkish Lira assets thus obtained are evaluated in Turkish Lira deposit and participation accounts with a maturity of at least three months ("KKM accounts") opened, within the scope of the principles specified in the regulation, corporate tax exemption has been introduced for the foreign exchange gains, interest and dividends to be obtained at the end of the maturity period, and other earnings in the period corresponding to the period between 1 October - 31 December 2021.

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

Financial Investments (cont'd)

The Group has benefited from the corporate tax exemption for the part of the foreign exchange gains arising from the 2021 year-end valuation of KKM accounts for the period of 1 October - 31 December 2021, and the consistent effect of the exception amounting 119.291 has been deducted from tax expense in the condensed consolidated statement of profit or loss for the six-month interim period ended 30 June 2022. The Group also benefited from the corporate tax exemption for the foreign exchange gains corresponding to the period between 1 January 2022 and the opening dates of the KKM accounts, as well as the interest and foreign exchange gains for the period between the account opening dates and the balance sheet date. Effect of the exception amounting 98.965 has been deducted from tax expense in the condensed consolidated statement of profit or loss for the six-month interim period ended 30 June 2022. KKM accounts are classified as financial investments at fair value through profit or loss in the condensed consolidated financial statements for the three-month interim period ended 30 June 2022. The positive change of 427.994 in the fair value of KKM accounts has been recognized in the investment income line of condensed consolidated statement of profit or loss. As of 30 June 2022, the total amount of KKM accounts included in the short term financial investments is 2.381.269 (31 December 2021: None).

30 June 2022, the total amount of Eurobond accounts included in the short term financial investments is 203.631 (31 December 2021: 51.845).

Other

Tekfen Construction signed a contract with Chiyoda Technip Ordinary Partnership for the Common Offsites 2 general works of the North Field East Onshore project EPC-1 package in Qatar. The contract value of the project is approximately 6.474.240 (388.400.000 USD).

Tekfen İnşaat ve Tesisat A.Ş. has received a letter stating that it won the tender to undertake the construction of the "FCC Revamp Project" planned to be built at the Tüpraş İzmir Rafineri by Türkiye Petrol Rafinerileri A.Ş. (Tüpraş). The scope of the project is the equipment and material supply and construction works of the FCC Unit, and its total duration is 33 months. The value of the project approximately 908.461 (54.500.000 USD).

With the article 11 of the Law No. 7316 on the Procedure for the Collection of Public Claims and Amending Certain Laws, published in the Official Gazette No. 31462 dated 22 April 2021, provisional 13th article added to the Corporate Tax Law No. 5520, corporate tax rate will be applied as 23% for the corporate earnings for the 2021 taxation period and 23% for the corporate earnings for the 2022 taxation period. In the consolidated financial statements as of 30 June 2022, 23% has been used as the tax rate in the period tax calculations. In the deferred tax calculations, the rates have been determined depending on the period in which the taxable/deductible temporary differences are expected to be realized.

5. SIGNIFICANT CHANGES IN EQUITY

Gain (Loss) on Investments in Equity Instruments:

The negative change of 148.044 in the fair values of the fair value through other comprehensive income financial investments of the Group has been directly recognized in equity (30 June 2021: negative change of 90.268).

Legal Reserves:

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

Hedging Reserve:

The negative change of 12.453 in the fair values of the effective derivative instruments which the Group uses for cash flow hedging has been recognized in equity (30 June 2021: positive change of 12.498).

Profit Distribution:

Upon the resolution of the Ordinary General Assembly held on 24 March 2022, it is decided to distribute 0,69 TL gross cash dividends per share share attributable to the operations of the year of 2021. Profit shares of 256.668 and 17.476 in the aggregate 274.164 was distributed on 26 April 2022 respectively to the owners of the parent and Tekfen Eğitim Sağlık Kültür Sanat ve Doğal Varlıkları Koruma Vakfı which holds redeemed share. (Due the absence of profit and occurrence of loss, no profit distribution has been made regarding the operations year of 2020).

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6. SEGMENT REPORTING

a) Segment results:

	1 January - 30 June 2022					
	Engineering & Contracting	Chemical Industry	Agricultural Production	Service	Investment	Total
Revenue	4.945.170	7.332.213	78.553	591.051	48.159	12.995.146
Cost of revenue (-)	(5.049.706)	(5.719.605)	(46.742)	(423.744)	(11.814)	(11.251.611)
GROSS PROFIT (LOSS)	(104.536)	1.612.608	31.811	167.307	36.345	1.743.535
General administrative expenses (-)	(257.731)	(68.905)	(6.349)	(17.611)	(67.901)	(418.497)
Marketing expenses (-)	(10.648)	(305.104)	(13.409)	(6.345)	-	(335.506)
Research and development expenses (-)	(5.390)	(5.608)	(2.229)	-	-	(13.227)
Other operating income	709.874	630.618	7.847	49.438	4.444	1.402.221
Other operating expenses (-)	(587.702)	(1.188.465)	(5.451)	(24.003)	(3.842)	(1.809.463)
Share on profit (loss) of investments valued by equity method	17.967	-	161	-	-	18.128
OPERATING PROFIT (LOSS)	(238.166)	675.144	12.381	168.786	(30.954)	587.191
Investment income	10.901	27.066	14.968	10.946	418.328	482.209
Investment expense (-)	(133)	(1.648)	-	-	(112.668)	(114.449)
PROFIT BEFORE FINANCIAL INCOME (EXPENSES)	(227.398)	700.562	27.349	179.732	274.706	954.951
Financial income	154.163	314.934	6.002	12.011	629.496	1.116.606
Financial expenses (-)	(192.417)	(107.669)	(30.922)	(13.404)	(390.318)	(734.730)
PROFIT (LOSS) FROM CONTINUING OPERATIONS BEFORE TAXATION	(265.652)	907.827	2.429	178.339	513.884	1.336.827
Tax (expense) income from continuing operations	(166.895)	(146.582)	(2.237)	(45.055)	90.104	(270.665)
PROFIT (LOSS) FROM CONTINUING OPERATIONS FOR THE PERIOD	(432.547)	761.245	192	133.284	603.988	1.066.162

For the six month interim period ended 30 June 2022, revenues amounting 1.916.922 were obtained from one non-related client of Engineering and Contracting segment which constitute 14,8% of the Group's revenue.

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6. SEGMENT REPORTING (cont’d)

a) Segment results (cont’d):

	1 April - 30 June 2022					
	Engineering & Contracting	Chemical Industry	Agricultural Production	Service	Investment	Total
Revenue	2.981.022	4.288.649	58.020	345.660	25.969	7.699.320
Cost of revenue (-)	(2.614.571)	(3.356.707)	(30.448)	(248.098)	(6.686)	(6.256.510)
GROSS PROFIT	366.451	931.942	27.572	97.562	19.283	1.442.810
General administrative expenses (-)	(145.131)	(37.512)	(3.283)	(10.828)	(36.987)	(233.741)
Marketing expenses (-)	(6.167)	(175.262)	(8.964)	(4.891)	-	(195.284)
Research and development expenses (-)	(3.769)	(3.193)	(886)	-	-	(7.848)
Other operating income	446.788	314.181	6.011	29.081	3.996	800.057
Other operating expenses (-)	(340.738)	(662.510)	(3.579)	(14.302)	(2.915)	(1.024.044)
Share on profit of investments valued by equity method	(16.913)	-	-	-	-	(16.913)
OPERATING PROFIT (LOSS)	300.521	367.646	16.871	96.622	(16.623)	765.037
Investment income	8.386	23.197	14.960	6.702	238.720	291.965
Investment expense (-)	(133)	(67)	-	-	(65.256)	(65.456)
PROFIT (LOSS) BEFORE FINANCIAL INCOME	308.774	390.776	31.831	103.324	156.841	991.546
Financial income	80.542	177.018	5.358	5.350	117.730	385.998
Financial expense (-)	(106.635)	(49.032)	(17.045)	(8.112)	(26.069)	(206.893)
PROFIT FROM CONTINUING OPERATIONS BEFORE TAXATION	282.681	518.762	20.144	100.562	248.502	1.170.651
Tax expense from continuing operations	(73.906)	(90.377)	-	(26.993)	(12.264)	(203.540)
PROFIT FROM CONTINUING OPERATIONS FOR THE PERIOD	208.775	428.385	20.144	73.569	236.238	967.111

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6. SEGMENT REPORTING (cont’d)

a) Segment results (cont’d):

	1 January - 30 June 2021					
	Engineering & Contracting	Chemical Industry	Agricultural Production	Service	Investment	Total
Revenue	4.009.646	3.084.325	58.184	245.759	23.628	7.421.542
Cost of revenue (-)	(3.854.175)	(2.228.968)	(70.967)	(162.006)	(8.727)	(6.324.843)
GROSS PROFIT (LOSS)	155.471	855.357	(12.783)	83.753	14.901	1.096.699
General administrative expenses (-)	(152.859)	(37.461)	(5.716)	(10.293)	(111.516)	(317.845)
Marketing expenses (-)	(5.166)	(148.951)	(11.904)	(3.945)	-	(169.966)
Research and development expenses (-)	(3.703)	(6.147)	(3.324)	-	-	(13.174)
Other operating income	91.506	119.673	6.490	15.700	7.559	240.928
Other operating expenses (-)	(133.337)	(252.073)	(1.878)	(10.950)	(5.452)	(403.690)
Share on profit (loss) of investments valued by equity method	38.700	-	2.243	-	(5)	40.938
OPERATING PROFIT (LOSS)	(9.388)	530.398	(26.872)	74.265	(94.513)	473.890
Investment income	2.655	424	-	52	256.797	259.928
Investment expense (-)	-	(21.577)	-	-	(1)	(21.578)
PROFIT (LOSS) BEFORE FINANCIAL INCOME (EXPENSES)	(6.733)	509.245	(26.872)	74.317	162.283	712.240
Financial income	29.079	212.681	2.945	6.399	293.079	544.183
Financial expenses (-)	(29.478)	(86.278)	(29.842)	(6.120)	(113.493)	(265.211)
PROFIT (LOSS) FROM CONTINUING OPERATIONS BEFORE TAXATION	(7.132)	635.648	(53.769)	74.596	341.869	991.212
Tax (expense) income from continuing operations	(43.551)	(101.216)	681	(20.868)	(101.271)	(266.225)
PROFIT (LOSS) FROM CONTINUING OPERATIONS FOR THE PERIOD	(50.683)	534.432	(53.088)	53.728	240.598	724.987

For the six month interim period ended 30 June 2021, revenues amounting 882.754, 804.817 and 755.571 were obtained from three non-related client of Engineering and Contracting segment which constitute 11,9%, 10,8% and 10,2% of the Group’s revenue respectively.

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6. SEGMENT REPORTING (cont’d)

a) Segment results (cont’d):

	1 April - 30 June 2021					
	Engineering & Contracting	Chemical Industry	Agricultural Production	Service	Investment	Total
Revenue	1.914.653	1.523.632	52.926	127.583	12.157	3.630.951
Cost of revenue (-)	(1.893.460)	(1.142.983)	(56.534)	(87.027)	(4.600)	(3.184.604)
GROSS PROFIT (LOSS)	21.193	380.649	(3.608)	40.556	7.557	446.347
General administrative expenses (-)	(80.453)	(19.463)	(3.417)	(4.939)	(89.060)	(197.332)
Marketing expenses (-)	(2.760)	(66.048)	(7.883)	(2.213)	-	(78.904)
Research and development expenses (-)	(2.402)	(2.954)	(1.424)	-	-	(6.780)
Other operating income	25.445	67.662	4.471	4.863	3.059	105.500
Other operating expenses (-)	(49.050)	(93.797)	(69)	(3.448)	(1.537)	(147.901)
Share on profit of investments valued by equity method	44.897	-	1.482	-	-	46.379
OPERATING PROFIT (LOSS)	(43.130)	266.049	(10.448)	34.819	(79.981)	167.309
Investment income	2.056	414	-	52	256.728	259.250
Investment expense (-)	-	(21.577)	-	-	16	(21.561)
PROFIT (LOSS) BEFORE FINANCIAL INCOME (EXPENSES)	(41.074)	244.886	(10.448)	34.871	176.763	404.998
Financial income	10.928	67.319	973	2.032	98.661	179.913
Financial expense (-)	(14.274)	(42.979)	(13.564)	(3.982)	(45.249)	(120.048)
PROFIT (LOSS) FROM CONTINUING OPERATIONS BEFORE TAXATION	(44.420)	269.226	(23.039)	32.921	230.175	464.863
Tax (expense) income from continuing operations	(17.929)	(45.150)	275	(11.219)	(75.231)	(149.254)
PROFIT (LOSS) FROM CONTINUING OPERATIONS FOR THE PERIOD	(62.349)	224.076	(22.764)	21.702	154.944	315.609

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6. SEGMENT REPORTING (cont’d)

b) Segment assets and liabilities:

Balance sheet	30 June 2022					
	Engineering & Contracting	Chemical Industry	Agricultural Production	Service	Investment	Total
Total assets	11.592.247	9.701.888	453.158	445.466	5.805.314	27.998.073
Current and non-current liabilities	11.961.425	6.157.478	403.341	205.900	314.107	19.042.251
Equity attributable to owners of the parent	(2.447.504)	5.025.513	(197.112)	497.983	5.922.899	8.801.779
Non-controlling interests	22.143	(15.768)	-	75	147.593	154.043

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

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6. SEGMENT REPORTING (cont’d)

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

	1 January - 30 June 2022					
	Engineering & Contracting	Chemical Industry	Agricultural Production	Service	Investment	Total
Capital expenditures	67.699	43.055	9.269	273.194	2.803	396.020
Depreciation and amortization expense for the period (*)	196.728	49.503	9.627	8.239	5.599	269.696
Intra-segment revenue	69.071	64.431	586	157	9.301	143.546
Inter-segment revenue	-	6.805	-	14.884	9.609	31.298
	1 April - 30 June 2022					
	Engineering & Contracting	Chemical Industry	Agricultural Production	Service	Investment	Total
Capital expenditures	51.950	29.394	5.151	136.524	2.127	225.146
Depreciation and amortization expense for the period (*)	105.708	31.325	4.576	3.869	2.703	148.181
Intra-segment revenue	35.778	31.278	179	78	4.928	72.241
Inter-segment revenue	-	5.143	-	7.967	4.827	17.937
	1 January - 30 June 2021					
	Engineering & Contracting	Chemical Industry	Agricultural Production	Service	Investment	Total
Capital expenditures	124.127	82.829	10.290	14.810	910	232.966
Depreciation and amortization expense for the period (*)	124.206	41.009	11.259	6.832	6.594	189.900
Intra-segment revenue	170.835	44.417	1.324	116	4.944	221.636
Inter-segment revenue	36	523	-	8.175	10.234	18.968
	1 April - 30 June 2021					
	Engineering & Contracting	Chemical Industry	Agricultural Production	Service	Investment	Total
Capital expenditures	53.471	59.040	8.300	11.541	704	133.056
Depreciation and amortization expense for the period (*)	67.367	20.986	6.024	3.430	2.907	100.714
Intra-segment revenue	54.228	22.256	652	59	2.623	79.818
Inter-segment revenue	(67)	285	-	4.039	4.888	9.145

(*) Depreciation expense of 3.448 is added from the cost of inventory (30 June 2021: 458 deducted from the cost of inventory).

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6. SEGMENT REPORTING (cont’d)

d) Geographical segment information is as follows:

	Turkey	CIS	Middle Eastern Countries	Other	Eliminations	Total
Revenue (1 January - 30 June 2022)	8.384.281	2.874.812	1.454.841	456.056	(174.844)	12.995.146
Total Assets (30 June 2022)	33.457.486	11.400.778	6.888.103	4.910.577	(28.658.871)	27.998.073
Capital Expenditures (1 January - 30 June 2022)	347.883	34.334	13.566	237	-	396.020
	Turkey	CIS	Middle Eastern Countries	Other	Eliminations	Total
Revenue (1 April - 30 June 2022)	4.730.651	1.589.523	1.130.365	338.959	(90.178)	7.699.320
Capital Expenditures (1 April - 30 June 2022)	190.740	20.881	13.413	112	-	225.146
	Turkey	CIS	Middle Eastern Countries	Other	Eliminations	Total
Revenue (1 January - 30 June 2021)	3.944.869	1.759.325	1.844.191	113.761	(240.604)	7.421.542
Total Assets (31 December 2021)	25.570.999	8.859.817	5.641.229	3.635.527	(21.793.999)	21.913.573
Capital Expenditures (1 January - 30 June 2021)	121.704	109.449	1.555	258	-	232.966
	Turkey	CIS	Middle Eastern Countries	Other	Eliminations	Total
Revenue (1 April - 30 June 2021)	1.972.617	857.628	853.718	35.951	(88.963)	3.630.951
Capital Expenditures (1 April - 30 June 2021)	82.632	49.734	638	52	-	133.056

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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 1.522.779 (31 December 2021: 4.104.613). Demand deposits, liquid funds, and other cash equivalents with maturity of six months or less constitute the rest of the cash and cash equivalents.

8. TRADE RECEIVABLES AND PAYABLES

a) Trade Receivables:

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

	30 June 2022	31 December 2021
Short-term trade receivables		
Receivables from Contracting & Engineering segment operations	2.150.356	1.602.398
Receivables from Chemical Industry segment operations	1.144.297	445.425
Receivables from Agricultural Production segment operations	53.962	45.141
Receivables from Service segment operations	70.589	15.637
Receivables from Investment segment operations	6.423	3.649
Provision for doubtful receivables (-)	(141.032)	(157.370)
Retention receivables (Note: 9)	954.139	783.259
Due from related parties	65.923	50.462
Other	43.967	25.619
	<u>4.348.624</u>	<u>2.814.220</u>
Long-term trade receivables		
Retention receivables (Note: 9)	383.037	184.737
	<u>383.037</u>	<u>184.737</u>

Postdated cheques amounting to 905.936 (31 December 2021: 299.645), notes receivables amounting to 13.957 (31 December 2021: 25.769), negative foreign currency differences amounting to 5.262 (31 December 2021: positive 28.703), are included in short and long-term trade receivables.

Average maturity date for trade receivables varies between the segments. Average maturity date for Engineering and Contracting segment, for projects in abroad is 117 days (31 December 2021: 89 days), for domestic projects is 55 days (31 December 2021: 75 days), for Chemical Industry segment is 52 days (31 December 2021: 36 days), for Agricultural Production segment is 80 days (31 December 2021: 88 days), for Service segment is 18 days (31 December 2021: 17 days), and for Investment segment is 30 days (31 December 2021: 30 days).

As of 30 June 2022, receivables amounting 969.604 was obtained from a single non-related client which constitute 20,8% of the Group’s receivables (31 December 2021: 782.908, 26,6%).

As of 30 June 2022, 141.032 of provision for doubtful receivables was determined based on past uncollectible receivable cases encountered and future expectations (30 June 2021: 113.643).

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

	2022	2021
Provision as of 1 January	(157.370)	(101.291)
Charge for the period	(1.750)	(998)
Collected	36	206
Write off of bad debt	43.021	7
Currency translation effect	(24.969)	(11.567)
Provision as of 30 June	<u>(141.032)</u>	<u>(113.643)</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 (2021: 706 and 292 of doubtful receivable expense has been charged to cost of revenue and general administrative expenses respectively).

b) Trade Payables:

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

	30 June 2022	31 December 2021
Short-term trade payables		
Payables from Contracting & Engineering segment operations	2.635.602	2.878.960
Payables from Chemical Industry segment operations	4.708.573	2.881.685
Payables from Agricultural Production segment operations	39.554	7.810
Payables from Service segment operations	83.924	59.380
Payables from Investment segment operations	6.082	8.900
Due to related parties	2.583	10.174
Retention payables (Note: 9)	1.046.545	938.814
Other	3.484	46.875
	<u>8.526.347</u>	<u>6.832.598</u>
Long-term trade payables		
Retention payables (Note: 9)	281.566	207.079
Payables from Contracting & Engineering segment operations	13.053	10.996
	<u>294.619</u>	<u>218.075</u>

Foreign currency differences amounting to 887.479 (31 December 2021: 847.574) are included in short and long-term trade payables.

For Chemical Industry segment, payables attributable to inventory supplied through imports constitute 99% (31 December 2021: 98%) of trade payables as at balance sheet date and average payable period for these import purchases is 112 days (31 December 2021: 149 days) whereas average payable period for domestic purchases is 27 days (31 December 2021: 13 days). The average payable period for Engineering and Contracting segment is 193 days (31 December 2021: 157 days), for Agricultural Production segment is 29 days (31 December 2021: 29 days), for Service segment is 39 days (31 December 2021: 51 days), and for Investment segment is 30 days (31 December 2021: 58 days).

9. CONTRACT ASSETS AND LIABILITIES ARISING FROM ONGOING CONSTRUCTION WORKS

	30 June 2022	31 December 2021
Cost incurred on ongoing contracts	101.255.772	75.348.872
Recognised gain less losses (net)	311.964	624.608
	<u>101.567.736</u>	<u>75.973.480</u>
Less: Billings to date (-)	(100.310.274)	(74.567.710)
	<u>1.257.462</u>	<u>1.405.770</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:

	30 June 2022	31 December 2021
Contract assets arising from ongoing construction works	2.181.083	1.863.471
Contract liabilities arising from ongoing construction works	(923.621)	(457.701)
	<u>1.257.462</u>	<u>1.405.770</u>
	30 June 2022	31 December 2021
<u>Contract assets arising from ongoing construction works</u>		
Contracts undersigned abroad	1.897.551	1.698.489
Contracts undersigned in Turkey	283.532	164.982
	<u>2.181.083</u>	<u>1.863.471</u>
<u>Contract liabilities arising from ongoing construction works</u>		
Contracts undersigned abroad	(837.232)	(348.085)
Contracts undersigned in Turkey	(86.389)	(109.616)
	<u>(923.621)</u>	<u>(457.701)</u>
	<u>1.257.462</u>	<u>1.405.770</u>

The Group has 398.902 of advances given to subcontractors and other suppliers for construction projects classified in short-term prepaid expenses (31 December 2021: 186.630). Also, the Group has 1.260.770 of advances received for contracting projects classified in deferred revenue (31 December 2021: 619.984).

As of 30 June 2022, the Group has 1.328.111 of retention payables to subcontractors (31 December 2021: 1.145.893). Also, the amount of retention receivables is 1.337.176 (31 December 2021: 967.996) (Note: 8).

10. INVENTORIES

	30 June 2022	31 December 2021
Raw materials	1.034.915	635.195
Work in progress	1.449.246	828.928
Finished goods	141.508	98.752
Trading goods	495.013	246.376
Goods in transit	578.234	328.509
Inventory at construction sites	1.775.846	1.684.089
Other inventories	164.991	141.460
Allowance for impairment on inventory (-)	(4.050)	(11.073)
	<u>5.635.703</u>	<u>3.952.236</u>

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

<u>Movement of allowance for impairment of inventory</u>	2022	2021
Provision as of 1 January	(11.073)	(155)
Charge for the period	-	(9.696)
Provisions cancelled	7.023	-
Provision as of 30 June	<u>(4.050)</u>	<u>(9.851)</u>

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

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

(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	30 June 2022		31 December 2021		Power to appoint	Industry
		Participation Rate	Amount	Participation Rate	Amount		
H-T Fidecilik (*)	Turkey	50%	-	50%	14.212	50%	Agriculture
Azfen	Azerbaijan	40%	124.767	40%	81.413	40%	Construction
			<u>124.767</u>		<u>95.625</u>		

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

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

	<u>2022</u>	<u>2021</u>
Opening balance as of 1 January	95.625	115.818
Group's share on profit	18.128	40.938
Effect of the joint ventures sold	(14.373)	-
Capital increases	-	444
Currency translation effect	25.387	6.237
Closing balance as of 30 June	<u>124.767</u>	<u>163.437</u>

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

	<u>1 January- 30 June 2022</u>	<u>1 January - 30 June 2021</u>
H-T Fidecilik	161	2.243
Azfen	17.967	38.700
Florya Gayrimenkul	-	(5)
Shares on profit of joint ventures valued by equity method	<u>18.128</u>	<u>40.938</u>

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

Information related to balance sheet:

30 June 2022	H-T Fidecilik	Azfen	Total
Cash and cash equivalents	-	1.786.544	1.786.544
Other current assets	-	1.176.792	1.176.792
Non-current assets	-	575.532	575.532
Total Assets	-	3.538.868	3.538.868
Short-term borrowings	-	-	-
Other short-term liabilities	-	3.226.950	3.226.950
Long-term borrowings	-	-	-
Other long-term liabilities	-	-	-
Total Liabilities	-	3.226.950	3.226.950
Net Assets	-	311.918	311.918
Group's Ownership Rate	50%	40%	
Group's Share on Net Assets	-	124.767	124.767
31 December 2021	H-T Fidecilik	Azfen	Total
Cash and cash equivalents	1.660	1.781.757	1.783.417
Other current assets	90.050	726.679	816.729
Non-current assets	18.524	544.246	562.770
Total Assets	110.234	3.052.682	3.162.916
Short-term borrowings	44.345	-	44.345
Other short-term liabilities	28.884	2.849.149	2.878.033
Long-term borrowings	3.430	-	3.430
Other long-term liabilities	5.152	-	5.152
Total Liabilities	81.811	2.849.149	2.930.960
Net Assets	28.423	203.533	231.956
Group's Ownership Rate	50%	40%	
Group's Share on Net Assets	14.212	81.413	95.625

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

Information related to statement of profit or loss:

1 January - 30 June 2022	H-T	Azfen	Florya	Total
	Fidecilik		Gayrimenkul (*)	
Revenue	22.430	1.332.493	-	1.354.923
Depreciation and amortization expense (-)	(782)	(37.336)	-	(38.118)
Operating profit	2.461	172.537	-	174.998
Financial income	87	-	-	87
Financial expense (-)	(2.195)	-	-	(2.195)
Tax expense (-)	(30)	(127.619)	-	(127.649)
Profit for the Period	322	44.917	-	45.239
Group's Ownership Rate	50%	40%	%50	
Group's Share on Profit (Loss) for the Period	161	17.967	-	18.128

1 April - 30 June 2022	H-T	Azfen	Florya	Total
	Fidecilik		Gayrimenkul (*)	
Revenue	-	435.375	-	435.375
Depreciation and amortization expense (-)	-	(15.082)	-	(15.082)
Operating profit	-	85.338	-	85.338
Financial income	-	-	-	-
Financial expense (-)	-	-	-	-
Tax expense (-)	-	(127.619)	-	(127.619)
Profit (Loss) for the Period	-	(42.282)	-	(42.282)
Group's Ownership Rate	50%	40%	%50	
Group's Share on Profit for the Period	-	(16.913)	-	(16.913)

(*) Shares of Florya Gayrimenkul were sold on 8 July 2021 (Note: 1).

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

Information related to statement of profit or loss:

	H-T		Florya	
	Fidecilik	Azfen	Gayrimenkul	Total
<u>1 January - 30 June 2021</u>				
Revenue	69.806	781.945	-	851.751
Depreciation and amortization expense (-)	(1.532)	(8.753)	-	(10.285)
Operating profit	8.156	124.039	-	132.195
Financial income	120	-	-	120
Financial expense (-)	(2.461)	-	-	(2.461)
Tax expense	(1.329)	(27.288)	(10)	(28.627)
Profit (Loss) for the Period	4.486	96.751	(10)	101.227
Group's Ownership Rate	50%	40%	%50	
Group's Share on Profit (Loss) for the Period	2.243	38.700	(5)	40.938
	H-T		Florya	
	Fidecilik	Azfen	Gayrimenkul	Total
<u>1 April - 30 June 2021</u>				
Revenue	42.915	556.028	-	598.943
Depreciation and amortization expense (-)	(986)	(3.831)	-	(4.817)
Operating profit	4.982	143.904	-	148.886
Financial income	14	-	-	14
Financial expense (-)	(1.292)	-	-	(1.292)
Tax expense (-)	(741)	(31.659)	-	(32.400)
Profit for the Period	2.963	112.243	-	115.206
Group's Ownership Rate	50%	40%	%50	
Group's Share on Profit for the Period	1.482	44.897	-	46.379

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

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

	Property, Plant and Equipment	Other Intangible Assets	Investment Property	Right-of-use assets
Cost Value				
Opening balance as of 1 January 2022	9.353.059	219.337	209.406	124.428
Currency translation effect	1.797.285	46.584	28.590	29.634
Additions	391.928	2.168	1.924	4.669
Disposals	(69.335)	(255)	(578)	(14.551)
Transfers	(2.291)	2.291	-	-
Closing balance as of 30 June 2022	11.470.646	270.125	239.342	144.180
Accumulated Depreciation and Amortization				
Opening balance as of 1 January 2022	(5.911.534)	(164.325)	(41.382)	(62.234)
Currency translation effect	(1.362.372)	(41.034)	(654)	(22.298)
Charge for the period	(242.056)	(5.568)	(1.399)	(24.121)
Disposals	62.010	181	30	14.551
Closing balance as of 30 June 2022	(7.453.952)	(210.746)	(43.405)	(94.102)
Carrying value as of 30 June 2022	4.016.694	59.379	195.937	50.078
Cost Value				
Opening balance as of 1 January 2021	6.319.659	127.888	175.747	95.044
Currency translation effect	698.697	18.187	12.295	6.478
Additions	230.959	2.007	-	14.733
Disposals	(50.857)	(842)	(45)	(9.909)
Allowance for impairment	(5.954)	-	-	-
Transfers	(24.077)	24.077	-	-
Closing balance as of 30 June 2021	7.168.427	171.317	187.997	106.346
Accumulated Depreciation and Amortization				
Opening balance as of 1 January 2021	(3.742.684)	(83.631)	(38.728)	(32.303)
Currency translation effect	(511.968)	(15.146)	(25)	(2.740)
Charge for the period	(164.749)	(6.151)	(1.351)	(17.191)
Disposals	40.305	486	45	9.858
Transfers	20.809	(20.809)	-	-
Closing balance as of 30 June 2021	(4.358.287)	(125.251)	(40.059)	(42.376)
Carrying value as of 30 June 2021	2.810.140	46.066	147.938	63.970

The Group management has reviewed the fair values of investment properties presented for disclosure purposes. As a result of the latest valuation studies to determine the fair value of the Group's investment properties, as of 30 June 2022, the fair value of the investment properties have been determined as 1.324.974 (30 June 2021: 630.871) in total. There are not any restrictions on the realizability of investment properties or any remittances of income and proceeds of disposal.

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

(b) Goodwill

<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>
CFS Petrokimya Sanayi A.Ş.	Chemical Industry	31 May 2019	100%	8.518	-
Denkmal in Dahlem Otto-Hahn-Platz GmbH	Engineering & Contracting	30 July 2019	80%	91.679	39.057
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
				167.957	102.017

Breakdown of the acquisition price is as follows:

	<u>CFS</u>	<u>Denkmal Dahlem</u>	<u>Gönen Enerji</u>	<u>Meram Enerji</u>	<u>Total</u>
Paid in cash	8.518	91.679	42.946	24.814	167.957
Acquisition price	8.518	91.679	42.946	24.814	167.957

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

	<u>CFS</u>	<u>Denkmal Dahlem</u>	<u>Gönen Enerji</u>	<u>Meram Enerji</u>	<u>Total</u>
Current assets	113	482.646	19.361	20.264	522.384
Cash and cash equivalents	13	2.068	12.132	3.043	17.256
Other current assets	100	480.578	7.229	17.221	505.128
Non-current assets	538	5.730	42.252	12.898	61.418
Tangible and intangible assets	538	5.730	40.268	12.784	59.320
Other non-current assets	-	-	1.984	114	2.098
Current liabilities	932	175.922	27.746	29.697	234.297
Non-current liabilities	-	246.676	31.956	-	278.632
Net assets	(281)	65.778	1.911	3.465	70.873

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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 arisen. The goodwill arising from the acquisitions is as follows:

	<u>CFS</u>	<u>Denkmal Dahlem</u>	<u>Gönen Enerji</u>	<u>Meram Enerji</u>	<u>Total</u>
Acquisition price	8.518	91.679	42.946	24.814	167.957
Non-controlling interest	-	13.156	573	3	13.732
Less: Fair value of net assets of the acquired company	281	(65.778)	(1.911)	(3.465)	(70.873)
Impairment (-)	(8.799)	-	-	-	(8.799)
Goodwill	-	39.057	41.608	21.352	102.017

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

Net cash outflow concerning the acquisitions is as follows:

	<u>CFS</u>	<u>Denkmal Dahlem</u>	<u>Gönen Enerji</u>	<u>Meram Enerji</u>	<u>Total</u>
Paid in cash	8.518	91.679	42.946	24.814	167.957
Less: Cash and cash equivalents of the acquired company	(13)	(2.068)	(12.132)	(3.043)	(17.256)
Net cash outflow	8.505	89.611	30.814	21.771	150.701

Movement of Goodwill is as follows:

	<u>CFS</u>	<u>Denkmal Dahlem</u>	<u>Gönen Enerji</u>	<u>Meram Enerji</u>	<u>Total</u>
Opening balance as of 1 January 2022	-	32.727	41.608	21.352	95.687
Currency translation effect	-	6.330	-	-	6.330
Closing balance as of 30 June 2022	-	39.057	41.608	21.352	102.017
Opening balance as of 1 January 2021	8.799	20.079	41.608	21.352	91.838
Impairment (-)	(8.799)	-	-	-	(8.799)
Currency translation effect	-	3.023	-	-	3.023
Closing balance as of 30 June 2021	-	23.102	41.608	21.352	86.062

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13. SHORT AND LONG-TERM BORROWINGS

The Company's bank loans are reclassified as long-term whose maturities passed 30 June 2023 according to their opening dates. Annual weighted average interest rate of the existing short-term loans is 3,37% for USD, 1,71% for EUR, 18,24% for TL and 4,50% for QAR (31 December 2021: 3,12% for USD, 1,49% for EUR and 18,11% for TL and 4,50% QAR). There is not any long-term loan in terms of USD, weighted average interest rate of the existing long-term loans is 2,65% for EUR and 10,71% for TL (31 December 2021: USD None, EUR 2,65%, TL 11,21%).

Within the scope of TFRS 16 Leases standard implementation, lease liabilities of 26.951 and 22.061 in the aggregate 49.012 included in short-term and long-term borrowings respectively (31 December 2021: 35.107 short-term, 27.276 long-term in the aggregate 62.383).

14. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

	30 June 2022	31 December 2021
Short-term provisions	801.961	777.228
Long-term provisions	343.518	288.417
Total provisions	1.145.479	1.065.645
Employment termination benefits provision	362.143	305.418
Unused vacation pay liability provision	121.385	113.553
Premium provision	111.177	129.780
Total provisions attributable to employee benefits	594.705	548.751
Provision for litigation	42.257	40.102
Other liability provisions	508.517	476.792
Other provisions	550.774	516.894
Total provisions	1.145.479	1.065.645

	Employment Termination Benefits Provision	Unused Vacation Pay Liability Provision	Premium Provision	Total Provisions Attributable to Employee Benefits
Opening balance as of 1 January 2022	305.418	113.553	129.780	548.751
Currency translation effect	45.877	21.839	21.408	89.124
Charge for the period	59.134	25.052	51.630	135.816
Interest expense	2.700	-	-	2.700
Provision paid during the period	(49.837)	(36.979)	(29.455)	(116.271)
Provision released	(1.658)	(2.080)	(62.186)	(65.924)
Actuarial loss	509	-	-	509
Closing balance as of 30 June 2022	362.143	121.385	111.177	594.705
Opening balance as of 1 January 2021	170.019	66.325	26.620	262.964
Currency translation effect	20.630	9.444	5.594	35.668
Charge for the period	42.041	29.894	74.157	146.092
Interest expense	1.749	-	-	1.749
Provision paid during the period	(25.269)	(13.429)	(16.328)	(55.026)
Provision released	(451)	(788)	(12.953)	(14.192)
Actuarial gain	(8.433)	-	-	(8.433)
Closing balance as of 30 June 2021	200.286	91.446	77.090	368.822

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

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

	Provision for Litigation	Other Liability Provisions	Total Other Provisions
Opening balance as of 1 January 2022	40.102	476.792	516.894
Currency translation effect	2.713	123.188	125.901
Charge for the period	1.179	113.132	114.311
Provision paid during the period	(717)	-	(717)
Provision released	(1.020)	(204.595)	(205.615)
Closing balance as of 30 June 2022	<u>42.257</u>	<u>508.517</u>	<u>550.774</u>
Opening balance as of 1 January 2021	14.651	438.515	453.166
Currency translation effect	1.079	63.785	64.864
Charge for the period	704	11	715
Provision paid during the period	(239)	-	(239)
Provision released	(334)	(170.309)	(170.643)
Closing balance as of 30 June 2021	<u>15.861</u>	<u>332.002</u>	<u>347.863</u>

Litigations:

As of 30 June 2022, lawsuit filed against the Group is totally 313.400 (31 December 2021: 137.016) and it has been decided to accrue 42.257 (31 December 2021: 40.102) of provision for lawsuits that might have high probability of potential outflow from the Group upon the consultation of legal advisors. Based on the legal advice of lawyers, there is no risk of outflow of resources for cases which no provision is made for.

Libya Arbitration Claim

Within the context of the Group’s decision taken on 30 January 2015 to apply for International Arbitration with the aim of claiming all of its rights, receivables and assets connected with The Great Man-Made River Project, which was undertaken in Libya by Tekfen-TML Joint Venture (Tekfen TML J.V.), a joint venture of the Group with 67% participation rate, – that having been halted on 21 February 2011 owing to events taking place in the aforesaid country and the instability thus caused – the Group applied to the International Court of Arbitration of the International Chamber of Commerce (ICC) for commercial arbitration against the Great ManMade River Authority (MMRA) as the ‘employer’, and against the State of Libya. A statement on this subject was duly made in 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 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. Currently, the parties have agreed in principle to terminate the construction contract, provided that it does not prejudice their rights and demands in the arbitration process and that the agreed matters remain confidential, and it has been agreed to hold a meeting for the signing of the final agreement text, and the approval of the Libyan authorities is awaited for the finalization of the liquidation and payment terms.

15. COMMITMENTS

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

30 June 2022	Equivalent of Thousands TL	<i>Thousands of US Dollars</i>	<i>Thousands of EUR</i>	<i>Other (Equivalent of Thousands TL)</i>
A. GPM given on behalf of its own legal entity	2.115	-	-	2.115
<i>-Guarantee</i>	2.115	-	-	2.115
<i>-Pledge</i>	-	-	-	-
<i>-Mortgage</i>	-	-	-	-
B. GPM given on behalf of subsidiaries that are included in full consolidation	32.262.873	1.463.298	61.372	6.795.787
<i>-Guarantee</i>	32.262.873	1.463.298	61.372	6.795.787
<i>-Pledge</i>	-	-	-	-
<i>-Mortgage</i>	-	-	-	-
C. GPM given in order to guarantee third parties' debts for the routine trade operations	10.139	-	-	10.139
<i>-Guarantee</i>	10.139	-	-	10.139
<i>-Pledge</i>	-	-	-	-
<i>-Mortgage</i>	-	-	-	-
D. Total amounts of other GPM given	-	-	-	-
i. Total amount of GPM given on behalf of parent company	-	-	-	-
ii. Total amount of GPM given on behalf of other group companies that are not included group B and C	-	-	-	-
iii. Total amount of GPM given on behalf of third parties that are not included group C	-	-	-	-
Total as of 30 June 2022	32.275.127	1.463.298	61.372	6.808.041

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15. COMMITMENTS (cont'd)

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

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

16. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

Transactions with related parties are distinct and measurable. Transactions with related parties during the six month interim period ended 30 June 2022 consist of sales of goods and services amounting 23.534 (30 June 2021: 20.524), dividend income amounting 12.420 (30 June 2021: 8.752) and other net expenses amounting 120 (30 June 2021: 408 other expenses). The remuneration of key management during the period is 21.849 (30 June 2021: 17.677).

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17. EQUITY

Capital / Capital Structure Adjustment

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

Shareholders	(%)	30 June 2022	(%)	31 December 2021
Berker family	23,55%	87.122	22,55%	83.422
Gökyiğit family	20,80%	76.958	22,32%	82.595
Akçağlılar family	6,65%	24.611	6,65%	24.611
Other (*)	-	-	0,49%	1.799
Publicly traded	49,00%	181.309	47,99%	177.573
Paid in capital	100%	370.000	100%	370.000
Capital structure adjustment		3.475		3.475
Restated capital		<u>373.475</u>		<u>373.475</u>

(*)Indicates the total of shareholders with shares less than 5% of the capital. As of 30 June 2022, the shares were transferred from non-public to the public part.

18. EARNINGS PER SHARE

	1 January- 30 June 2022	1 April- 30 June 2022	1 January - 30 June 2021	1 April- 30 June 2021
Average number of ordinary shares outstanding during the period (in full)	370.000.000	370.000.000	370.000.000	370.000.000
Net profit for the period attributable to owners of the parent (Thousands TL)	1.077.608	972.173	729.348	317.187
Earnings per share from continuing operations (TL)	2,912	2,627	1,971	0,857

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19. OTHER OPERATING INCOME AND EXPENSES

	1 January- 30 June 2022	1 April- 30 June 2022	1 January - 30 June 2021	1 April- 30 June 2021
Other operating income				
Foreign exchange income from operations	857.376	511.546	157.744	68.259
Hedging income (Note: 21)	363.735	188.145	5.571	-
Discount income	54.267	32.336	5.234	4.513
Due date difference income	49.851	26.566	42.472	17.275
Rental income	38.135	19.633	2.075	1.029
Social security premium refund income	4.127	2.470	2.710	1.600
Indemnity income	6.175	6.085	891	607
Scrap sales income	2.246	1.239	1.410	738
Government grants and incentives income	2.419	1.492	3.179	1.560
Reversal of litigation provision (Note: 14)	1.020	973	334	130
Other income	22.870	9.572	19.308	9.789
	1.402.221	800.057	240.928	105.500
	1 January- 30 June 2022	1 April- 30 June 2022	1 January - 30 June 2021	1 April- 30 June 2021
Other operating expenses (-)				
Foreign exchange losses from operations	(1.731.363)	(984.540)	(372.775)	(125.576)
Discount expenses	(58.356)	(33.684)	(7.399)	(2.771)
Due date difference expenses	(4.007)	(4.007)	(167)	(50)
Hedging expenses (Note: 21)	(1.464)	(1.464)	(721)	-
Penalty and damages expenses	(1.357)	(1.216)	(1.985)	(1.951)
Grants and contributions	(1.236)	(958)	(7.336)	(7.119)
Litigation provision (Note: 14)	(1.179)	(645)	(704)	(507)
Damages subject to litigation	(68)	(68)	(102)	(23)
Other expenses	(10.433)	2.538	(12.501)	(9.904)
	(1.809.463)	(1.024.044)	(403.690)	(147.901)

20. FINANCIAL INCOME AND EXPENSES

	1 January- 30 June 2022	1 April- 30 June 2022	1 January - 30 June 2021	1 April- 30 June 2021
Financial income				
Foreign exchange gains	1.018.776	338.762	460.929	146.466
Interest income	66.131	35.588	66.050	32.145
Currency translation reserve gains	31.473	11.606	16.733	1.300
Other financial income	226	42	471	2
	1.116.606	385.998	544.183	179.913
	1 January- 30 June 2022	1 April- 30 June 2022	1 January - 30 June 2021	1 April- 30 June 2021
Financial expenses (-)				
Foreign exchange losses	(434.283)	(30.149)	(185.374)	(87.509)
Interest expenses	(168.417)	(99.328)	(72.142)	(30.767)
Swap expense accrual (Note: 21)	(99.027)	(56.307)	-	-
Currency translation reserve losses	(7.536)	(2.857)	(3.943)	(602)
Other financial expenses	(25.467)	(18.252)	(3.752)	(1.170)
	(734.730)	(206.893)	(265.211)	(120.048)

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21. DERIVATIVE INSTRUMENTS

	30 June 2022		31 December 2021	
	Assets	Liabilities	Assets	Liabilities
Forward foreign exchange contracts	259.602	25.892	249.886	-
Foreign exchange swap	-	366.201	-	198.465
Current	259.602	392.093	249.886	198.465
Non-current	-	-	-	-
	<u>259.602</u>	<u>392.093</u>	<u>249.886</u>	<u>198.465</u>

Currency derivatives:

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

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

	30 June 2022	31 December 2021
Forward foreign exchange contracts	2.732.044	861.756
	<u>2.732.044</u>	<u>861.756</u>

As of 30 June 2022, the fair value of the Toros Tarım’s currency derivatives is estimated to be 259.602 assets and 25.892 liabilities which is positive 233.710 (31 December 2021: assets 249.886, positive 249.886) These amounts are based on quoted market prices for equivalent instruments at the balance sheet date and fair value hierarchy classification of derivative instruments is Level 2 (31 December 2021: Level 2). There have been no changes in the purpose or use of derivative instruments.

The fair value of currency derivatives that are designated and effective as cash flow hedges amounting to positive 179.923 has been deferred in equity (31 December 2021: positive 192.376). There are no ineffective cash flow hedges for the period (30 June 2021: positive 19.734). Gains amounting to 363.735 and expenses amounting to 1.464 concerning matured derivative contracts during the period have been recognized in profit or loss (30 June 2021: Gains amounting to 5.571 and expenses amounting to 721 concerning matured derivative contracts during the period have been recognized in profit or loss).

Swap transactions:

Tekfen İnşaat performs currency swap transactions to hedge significant future transactions and cash flows from financial risk. Tekfen İnşaat has made cross currency swap agreements that fixed the parity between USD and TRY, for payments in USD 48.000.000 to be made until 3 November 2022. As of 30 June 2022, the fair value of the Tekfen Construction’s swap transactions is estimated to be 366.201 liabilities which is negative 366.201 (31 December 2021: 198.465 liabilities, negative 198.465). The fair value hierarchy classification of swap transactions is Level 2 (30 June 2021: None). As of 30 June 2022, in the amount of 99.027 expense accrual related to swap transactions have been recognized in profit or loss. (30 June 2021: None).

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22. FOREIGN CURRENCY POSITION

30 June 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	1.298.846	41.503	4.237	-	532.791
2. Monetary Financial Assets	4.705.005	267.215	5.153	12	160.264
3. Other	298.158	6.322	6.369	-	81.178
4. CURRENT ASSETS	6.302.009	315.040	15.759	12	774.233
5. Trade Receivables	189.305	-	1.928	-	155.522
6. Monetary Financial Assets	119.583	7.117	-	-	950
7. Other	63.021	1.054	2.593	-	17
8. NON-CURRENT ASSETS	371.909	8.171	4.521	-	156.489
9. TOTAL ASSETS	6.673.918	323.211	20.280	12	930.722
10. Trade Payables	5.446.386	281.185	6.155	46	650.533
11. Financial Liabilities	721.623	-	4.050	-	650.658
12. Monetary Other Liabilities	1.190.284	27.574	28.959	-	223.231
12b. Non-Monetary Other Liabilities	84.521	4.813	245	-	-
13. CURRENT LIABILITIES	7.442.814	313.572	39.409	46	1.524.422
14. Trade Payables	1.927	84	12	-	317
15. Financial Liabilities	283.070	-	16.155	-	-
16. Monetary Other Liabilities	62.009	70	-	-	60.842
17. NON-CURRENT LIABILITIES	347.006	154	16.167	-	61.159
18. TOTAL LIABILITIES	7.789.820	313.726	55.576	46	1.585.581
19. Net Position of Off-balance Sheet Derivative Instruments (19a-19b)	2.897.189	173.807	-	-	-
19a. Derivative Assets	2.897.189	173.807	-	-	-
19b. Derivative Liabilities	-	-	-	-	-
20. Net Foreign Currency Assets / Liabilities Position	1.781.287	183.292	(35.296)	(34)	(654.859)
21. Monetary Items Net Foreign Currency Assets / Liabilities position (1+2+5+6-10-11-12-14-15-16)	(1.392.560)	6.922	(44.013)	(34)	(736.054)
22. Fair Value of Derivative Instruments Held for Hedging	233.710	14.021	-	-	-

Translated into English from the report originally issued in Turkish.

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

22. FOREIGN CURRENCY POSITION (cont’d)

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

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(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 six month interim period end for a 5% change in foreign currency rates. Positive number indicates an increase in profit or loss.

	30 June 2022	
	Profit / (Loss)	
	Appreciation of foreign currencies	Depreciation of foreign currencies
	If US Dollars changes 5% against TL	
US Dollars net assets / liabilities	152.764	(152.764)
	If Euro changes 5% against TL	
Euro net assets / liabilities	(32.046)	32.046
	If other foreign currencies changes 5% against TL	
Other foreign currency assets / liabilities	(32.777)	32.777
TOTAL	87.941	(87.941)
	31 December 2021	
	Profit / (Loss)	
	Appreciation of foreign currencies	Depreciation of foreign currencies
	If US Dollars change 5% against TL	
US Dollars net assets / liabilities	100.152	(100.152)
	If Euro changes 5% against TL	
Euro net assets / liabilities	(35.542)	35.542
	If other foreign currencies change 5% against TL	
Other foreign currency net assets / liabilities	(41.840)	41.840
TOTAL	22.770	(22.770)

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

23. FINANCIAL INSTRUMENTS

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

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

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

There are 2.381.269 KKM in short-term financial investments. The relevant amount is presented at fair value (31 December 2021: None). The fair value hierarchy is shown as Level 2.

Except for the financial investments mentioned above, Eurobonds amounting to 203.631 were shown in short-term financial investments and 124.710 in long-term financial investments. Related financial assets are classified as financial assets measured at amortized cost (31 December 2021: short-term financial investments 51.845, none long-term).

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

	30 June 2022	Fair value level as of reporting date		
		Level 1	Level 2	Level 3
Financial instruments				
Fair value through other comprehensive income financial investments	1.340.863	173.749	-	1.167.114
Fair value through profit or loss financial investments	986.638	16.008	-	970.630
Derivative instruments	259.602	-	259.602	-
Total	2.587.103	189.757	259.602	2.137.744
Financial liabilities				
Derivative instruments	392.093	-	392.093	-
Total	392.093	-	392.093	-
	31 December 2021	Fair value level as of reporting date		
		Level 1	Level 2	Level 3
Financial instruments				
Fair value through other comprehensive income financial investments	1.074.099	170.857	-	903.242
Fair value through profit or loss financial investments	792.186	78.885	-	713.301
Derivative instruments	249.886	-	249.886	-
Total	2.116.171	249.742	249.886	1.616.543
Financial liabilities				
Derivative instruments	198.465	-	198.465	-
Total	198.465	-	198.465	-

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

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

23. FINANCIAL INSTRUMENTS (cont’d)

	Fair value through profit or loss financial investments		Fair value through other comprehensive income financial investments		Total
	Level 1	Level 3	Level 1	Level 3	
Opening balance as at 1 January 2022	78.885	713.301	170.857	903.242	1.866.285
Transfers	12.447	(12.447)	-	-	-
Additions	-	71.694	-	12.398	84.092
Fair value increase (decrease)	(90.148)	(9.042)	2.892	(4.450)	(100.748)
Currency translation effect	14.824	207.124	-	255.924	477.872
Closing balance as at 30 June 2022	16.008	970.630	173.749	1.167.114	2.327.501

	Fair value through profit or loss financial investments		Fair value through other comprehensive income financial investments		Total
	Level 1	Level 3	Level 1	Level 3	
Opening balance as at 1 January 2021	-	249.748	255.256	909.916	1.414.920
Transfers	24.598	(24.598)	-	-	-
Additions	-	87.922	-	-	87.922
Fair value increase	51.162	196.918	(93.601)	(1.538)	152.941
Currency translation effect	10.005	62.772	-	148.670	221.447
Closing balance as at 30 June 2021	85.765	572.762	161.655	1.057.048	1.877.230

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

The fair value of the financial investment and the basic assumptions used in valuation was inspected by independent valuation company in the period, thus the amount of stated in balance sheet was seen in the updated range of values.

<i>Valuation Method</i>	<i>30 June 2022 Fair Value</i>	<i>Unobservable Inputs</i>	<i>Relation Between Unobservable Inputs and Fair Value Measurement</i>
Income Approach, Discounted Cash Flow	968.469	Weighted average cost of capital ratio: 11,1%	If the weighted average cost of capital ratio is increased to 12,1%, the estimated fair value decreases by 116.683; If it is decreased to 10,1%, the estimated fair value increases by 145.020.

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

23. FINANCIAL INSTRUMENTS (cont’d)

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

<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	753.993	Weighted average cost of capital ratio: 11,1%	If the weighted average cost of capital ratio is increased to 12,1%, the estimated fair value decreases by 90.843; If it is decreased to 10,1%, the estimated fair value increases by 112.904.

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

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

Non-traded fair value through profit or loss financial investments

<i>Industry</i>	<i>Valuation Method</i>	<i>30 June 2022 Fair Value</i>	<i>Unobservable Inputs</i>	<i>Relation Between Unobservable Inputs and Fair Value Measurement</i>
<i>Contracting</i>	Equivalent value	67.394	Valuation multiplier: 1,16	If the average valuation multiplier is increased by 10%, the estimated fair value increases by 17.574, in case of a 10% decrease, the estimated fair value decreases by 17.574.
	Held at cost	108.349	Valuation multiplier: 1,00	
<i>Agriculture</i>	Equivalent value	561.760	Valuation multiplier: 1,11 - 2,21	If the average valuation multiplier is increased by 10%, the estimated fair value increases by 56.176, in case of a 10% decrease, the estimated fair value decreases by 56.176.
<i>Other</i>	Equivalent value	233.127	Valuation multiplier: 0,58 - 3,32	If the average valuation multiplier is increased by 10%, the estimated fair value increases by 23.313, in case of a 10% decrease, the estimated fair value decreases by 23.313.
	Held at cost		Valuation multiplier: 1,00	

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

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23. FINANCIAL INSTRUMENTS (cont'd)

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

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

	Fair value through profit or loss financial investments (Level 3)			
	Contracting	Agriculture	Other	Total
Opening balance as at 1 January 2022	103.822	402.346	207.133	713.301
Transfers (Level 1)	-	-	(12.447)	(12.447)
Additions	29.667	34.611	7.416	71.694
Fair value change	8.053	5.401	(22.496)	(9.042)
Currency translation effect	34.201	119.402	53.521	207.124
Closing balance as at 30 June 2022	<u>175.743</u>	<u>561.760</u>	<u>233.127</u>	<u>970.630</u>
	Contracting	Agriculture	Other	Total
Opening balance as at 1 January 2021	11.012	128.130	110.606	249.748
Transfers	-	-	(24.598)	(24.598)
Additions	21.763	60.936	5.223	87.922
Fair value change	-	190.006	6.912	196.918
Currency translation effect	2.047	44.000	16.725	62.772
Closing balance as at 30 June 2021	<u>34.822</u>	<u>423.072</u>	<u>114.868</u>	<u>572.762</u>

24. SUBSEQUENT EVENTS

Tekfen İnşaat has received a letter stating that it won the tender to undertake the construction of the "New PSF and MTR Facilities Construction Works" planned to be built at the SASA Adana facilities by SASA Polyester Sanayi Anonim Şirketi (SASA). The total duration of the project is 25 months including mobilization. The value of the project is 1.016.809 (61.000.000 USD).

After the balance sheet date, there is positive change of 22.159 in the fair value of one of the Group's fair value through other comprehensive income financial investment.