

**TEKFEN HOLDİNG ANONİM ŐİRKETİ
AND ITS SUBSIDIARIES**

CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE NINE MONTH
INTERIM PERIOD
ENDED 30 SEPTEMBER 2021

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

CONTENT	PAGE
CONDENSED CONSOLIDATED BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) AS AT 30 SEPTEMBER 2021	1-2
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE NINE MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2021	3
CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE NINE MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2021	4
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2021	5
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE NINE MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2021	6
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2021	7-42
NOTE 1 ORGANIZATION AND OPERATIONS OF THE GROUP	7
NOTE 2 BASIS OF PRESENTATION OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	7
NOTE 3 ADOPTION OF NEW AND REVISED STANDARDS	8
NOTE 4 EVENTS AND TRANSACTIONS MATERIALLY AFFECTING THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	8-11
NOTE 5 SIGNIFICANT CHANGES IN EQUITY	12
NOTE 6 SEGMENT REPORTING	13-19
NOTE 7 CASH AND CASH EQUIVALENTS	20
NOTE 8 TRADE RECEIVABLES AND PAYABLES	20-21
NOTE 9 CONTRACT ASSETS AND LIABILITIES ARISING FROM ONGOING CONSTRUCTION WORKS	21-22
NOTE 10 INVENTORIES	22
NOTE 11 INVESTMENTS VALUED BY EQUITY METHOD	23-26
NOTE 12 PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS, INVESTMENT PROPERTY AND RIGHT-OF-USE ASSETS	27-29
NOTE 13 SHORT AND LONG-TERM BORROWINGS	30
NOTE 14 PROVISIONS, CONTINGENT ASSETS AND LIABILITIES	30-32
NOTE 15 COMMITMENTS	33
NOTE 16 SIGNIFICANT RELATED PARTY TRANSACTIONS	34
NOTE 17 EQUITY	34
NOTE 18 EARNINGS PER SHARE	34
NOTE 19 OTHER OPERATING INCOME AND EXPENSES	35
NOTE 20 FINANCIAL INCOME AND EXPENSES	35
NOTE 21 DERIVATIVE INSTRUMENTS	36
NOTE 22 FOREIGN CURRENCY POSITION	37-39
NOTE 23 FINANCIAL INSTRUMENTS	40-42
NOTE 24 SUBSEQUENT EVENTS	42

TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2021**

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

ASSETS	Notes	Unreviewed 30 September 2021	Audited 31 December 2020
Current Assets		11.903.475	9.013.197
Cash and cash equivalents	7	3.837.925	3.259.116
Financial investments		-	82.118
Trade receivables	8	2.351.528	2.038.851
- <i>Related party receivables</i>		50.066	106.715
- <i>Trade receivables</i>		2.301.462	1.932.136
Other receivables		93.727	81.642
- <i>Related party receivables</i>		1.680	1.925
- <i>Other receivables</i>		92.047	79.717
Contract assets arising from ongoing construction works	9	1.615.493	631.682
Derivative instruments	21	9.363	9.046
Inventories	10	2.942.804	2.033.545
Prepaid expenses		427.303	408.930
- <i>Prepaid expenses</i>		427.303	408.930
Assets related to current tax		287.235	154.823
Other current assets		303.196	245.921
- <i>Other current assets</i>		303.196	245.921
		11.868.574	8.945.674
Assets classified as held for sale		34.901	67.523
Non-Current Assets		5.501.709	4.903.836
Financial investments	23	1.765.955	1.414.920
Trade receivables	8	172.691	293.407
- <i>Trade receivables</i>		172.691	293.407
Other receivables		15.409	12.983
- <i>Other receivables</i>		15.409	12.983
Investments valued by equity method	11	128.489	115.818
Investment property	12	147.981	137.019
Property, plant and equipment	12	2.817.265	2.576.975
Right-of-use assets	12	62.811	62.741
Intangible assets	12	129.522	136.095
- <i>Goodwill</i>		85.949	91.838
- <i>Other intangible assets</i>		43.573	44.257
Prepaid expenses		10.766	18.968
- <i>Prepaid expenses</i>		10.766	18.968
Deferred tax assets		224.272	111.413
Other non-current assets		26.548	23.497
- <i>Other non-current assets</i>		26.548	23.497
TOTAL ASSETS		17.405.184	13.917.033

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

Translated into English from the report originally issued in Turkish.

TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2021

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

LIABILITIES	Notes	Unreviewed 30 September 2021	Audited 31 December 2020
Current Liabilities		9.169.961	7.474.512
Short-term borrowings	13	2.129.342	1.875.394
Short-term portion of long-term borrowings		304.689	210.267
Trade payables	8	4.476.745	3.418.087
- <i>Related party payables</i>		10.616	12.835
- <i>Trade payables</i>		4.466.129	3.405.252
Payables related to employee benefits		123.784	64.602
Other payables		93.535	117.733
- <i>Related party payables</i>		11	40.142
- <i>Other payables</i>		93.524	77.591
Contract liabilities arising from ongoing construction works	9	406.174	435.122
Derivative instruments	21	12.366	-
Deferred revenue		955.024	590.110
- <i>Deferred revenue</i>		955.024	590.110
Current tax liability		243.747	137.578
Short-term provisions	14	419.835	596.524
- <i>Short-term provisions attributable to employee benefits</i>		152.076	143.430
- <i>Other short-term provisions</i>		267.759	453.094
Other short-term liabilities		4.720	29.095
- <i>Other short-term liabilities</i>		4.720	29.095
Non-Current Liabilities		817.873	631.621
Long-term borrowings	13	274.482	272.613
Trade payables	8	116.680	67.228
- <i>Trade payables</i>		116.680	67.228
Other payables		59.006	69.427
- <i>Other payables</i>		59.006	69.427
Government incentives and grants		-	1.132
Deferred revenue		236	241
- <i>Deferred revenue</i>		236	241
Long-term provisions	14	214.675	119.606
- <i>Long-term provisions attributable to employee benefits</i>		214.632	119.534
- <i>Other long-term provisions</i>		43	72
Deferred tax liabilities		152.794	101.374
TOTAL LIABILITIES		9.987.834	8.106.133
EQUITY		7.417.350	5.810.900
Equity Attributable To Owners Of The Parent	5, 17	7.317.379	5.730.139
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 not to be reclassified to profit or loss		201.755	292.529
- <i>Gain on investments in equity instruments</i>		193.449	292.516
- <i>Gain on revaluation and remeasurement</i>		8.306	13
Accumulated other comprehensive income to be reclassified to profit or loss		1.537.941	1.063.183
- <i>Currency translation reserve</i>		1.532.149	1.055.947
- <i>Hedging reserve</i>		5.792	7.236
Legal reserves		397.605	382.727
Prior years' income		3.313.086	3.377.366
Net profit (loss) for the period		1.192.533	(60.125)
Non-controlling Interests		99.971	80.761
TOTAL LIABILITIES AND EQUITY		17.405.184	13.917.033

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 NINE MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2021

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

	Notes	Unreviewed 1 January- 30 September 2021	Unreviewed 1 July- 30 September 2021	Unreviewed 1 January - 30 September 2020	Unreviewed 1 July- 30 September 2020
Revenue	6	11.020.384	3.598.842	8.373.588	2.693.241
Cost of revenue (-)		(9.482.300)	(3.157.457)	(7.656.310)	(2.575.464)
GROSS PROFIT		1.538.084	441.385	717.278	117.777
General administrative expenses (-)		(449.326)	(131.481)	(339.831)	(109.145)
Marketing expenses (-)		(234.475)	(64.509)	(250.300)	(85.019)
Research and development expenses (-)		(17.330)	(4.156)	(17.504)	(2.798)
Other operating income	19	389.130	148.202	502.000	139.594
Other operating expenses (-)	19	(580.475)	(176.785)	(725.535)	(221.689)
Share on profit of investments valued by equity method	11	93.103	52.165	38.275	17.475
OPERATING PROFIT (LOSS)		738.711	264.821	(75.617)	(143.805)
Investment income	1,4	404.151	144.223	34.067	1.023
Investment expense (-)		(22.105)	(527)	(15)	168
PROFIT (LOSS) BEFORE FINANCIAL INCOME (EXPENSE)		1.120.757	408.517	(41.565)	(142.614)
Financial income	20	765.264	221.081	635.605	301.805
Financial expenses (-)	20	(429.271)	(164.060)	(261.896)	(86.534)
PROFIT FROM CONTINUING OPERATIONS BEFORE TAXATION		1.456.750	465.538	332.144	72.657
Tax (Expense) Income from Continuing Operations		(257.581)	8.644	(204.184)	(86.119)
Tax expense for the period (-)		(313.979)	(70.023)	(149.898)	(54.729)
Deferred tax (expense) income		56.398	78.667	(54.286)	(31.390)
PROFIT (LOSS) FROM CONTINUING OPERATIONS FOR THE PERIOD		1.199.169	474.182	127.960	(13.462)
Distribution of Profit (Loss) for the Period					
Non-controlling interests		6.636	10.997	(2.701)	1.125
Owners of the parent	18	1.192.533	463.185	130.661	(14.587)
Earnings (Loss) Per Share	18	3,223	1,252	0,353	(0,039)

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 NINE MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2021

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

	Unreviewed 1 January- 30 September 2021	Unreviewed 1 July- 30 September 2021	Unreviewed 1 January - 30 September 2020	Unreviewed 1 July- 30 September 2020
PROFIT (LOSS) FOR THE PERIOD	1.199.169	474.182	127.960	(13.462)
OTHER COMPREHENSIVE INCOME:				
<u>Items not to be reclassified to profit or loss</u>	(90.774)	(7.070)	229.827	179.631
Gain (loss) on investments in equity instruments	(104.572)	(9.433)	241.767	191.461
Gain (loss) on revaluation of defined benefit plans	10.366	2.161	185	(2.821)
Taxes based on other comprehensive income that will not be reclassified to profit or loss	3.432	202	(12.125)	(9.009)
- <i>Deferred tax (expense) income</i>	3.432	202	(12.125)	(9.009)
<u>Items to be reclassified to profit or loss</u>	487.332	30.795	809.722	362.228
Currency translation reserve differences	488.776	44.737	765.876	355.051
Other comprehensive income (expense) related to cash flow hedging	(1.322)	(18.589)	56.213	9.201
Taxes based on other comprehensive income that will be reclassified to profit or loss	(122)	4.647	(12.367)	(2.024)
- <i>Deferred tax (expense) income</i>	(122)	4.647	(12.367)	(2.024)
OTHER COMPREHENSIVE INCOME	396.558	23.725	1.039.549	541.859
TOTAL COMPREHENSIVE INCOME	1.595.727	497.907	1.167.509	528.397
Distribution of Total Comprehensive Income for the Period				
Non-controlling interests	19.210	13.019	20.147	9.364
Owners of the parent	1.576.517	484.888	1.147.362	519.033

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 CHANGES IN EQUITY FOR THE NINE MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2021

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

				Items not to be reclassified to profit or loss		Items to be reclassified to profit or loss	Retained Earnings						
	Paid in capital	Capital structure adjustment	Premiums in capital stock	Gain (loss) on investments in equity instruments	Gain on revaluation and remeasurement	Currency translation reserve	Gains (loss) on hedging	Legal reserves	Prior years' income	Net profit for the (loss) period	Equity attributable to owners of the parent	Non- controlling interests	Equity
Unreviewed													
Opening balance as of 1 January 2020	370.000	3.475	300.984	87.717	2.305	488.224	(23.183)	278.423	2.499.985	1.420.750	5.428.680	68.190	5.496.870
Transfers	-	-	-	-	-	-	-	104.091	1.316.659	(1.420.750)	-	-	-
Total comprehensive income	-	-	-	229.679	148	743.028	43.846	-	-	130.661	1.147.362	20.147	1.167.509
- Profit (loss) for the period	-	-	-	-	-	-	-	-	-	130.661	130.661	(2.701)	127.960
- Other comprehensive income	-	-	-	229.679	148	743.028	43.846	-	-	-	1.016.701	22.848	1.039.549
Dividends	-	-	-	-	-	-	-	-	(456.320)	-	(456.320)	-	(456.320)
Other changes	-	-	-	-	-	-	-	-	17.483	-	17.483	-	17.483
Closing balance as of 30 September 2020	370.000	3.475	300.984	317.396	2.453	1.231.252	20.663	382.514	3.377.807	130.661	6.137.205	88.337	6.225.542
Unreviewed													
Opening balance as of 1 January 2021	370.000	3.475	300.984	292.516	13	1.055.947	7.236	382.727	3.377.366	(60.125)	5.730.139	80.761	5.810.900
Transfers	-	-	-	-	-	-	-	14.878	(75.003)	60.125	-	-	-
Total comprehensive income (expense)	-	-	-	(99.067)	8.293	476.202	(1.444)	-	-	1.192.533	1.576.517	19.210	1.595.727
- Profit (loss) for the period	-	-	-	-	-	-	-	-	-	1.192.533	1.192.533	6.636	1.199.169
- Other comprehensive income (expense)	-	-	-	(99.067)	8.293	476.202	(1.444)	-	-	-	383.984	12.574	396.558
Other changes	-	-	-	-	-	-	-	-	10.723	-	10.723	-	10.723
Closing balance as of 30 September 2021	370.000	3.475	300.984	193.449	8.306	1.532.149	5.792	397.605	3.313.086	1.192.533	7.317.379	99.971	7.417.350

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 CASH FLOWS FOR THE NINE MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2021

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

Notes	Unreviewed 1 January - 30 September 2021	Unreviewed 1 January - 30 September 2020
A. CASH FLOWS FROM OPERATING ACTIVITIES	229.526	(1.358.716)
Profit for the Period	1.199.169	127.960
Adjustments to Reconcile Net Profit	(2.093)	402.055
- Depreciation and Amortization	286.561	228.920
- Impairment/Reversed Provision	10,12	-
- Provision Adjustments	8, 14	16.936
- Dividend Income and Expenses	(8.752)	(11.483)
- Interest Income and Expense Adjustments	20	24.342
- Gain/Loss on Fair Valuation	23	(19.464)
- Group's Share on Profit of Investments in Associates Accounted by Equity Method	11	(38.275)
- Allowance for Taxation	257.581	204.184
- Adjustments for Gain/Loss on Sale of Fixed Assets	12	(2.400)
- Adjustments for Gain/Loss on Sales of Assets Held for Sale	(15.045)	-
- Adjustments for Gain/Loss on Sales of Joint Ventures	(124.594)	(705)
Movements in Working Capital	(539.486)	(1.367.414)
- Changes in Financial Investments	82.118	8.097
- Changes in Trade Receivables	8	259.212
- Changes in Other Assets	(75.083)	61.176
- Changes in Contract Assets Arising from Ongoing Construction Works	9	(1.255.041)
- Changes in Inventories	10	(471.269)
- Changes in Prepaid Expenses	(19.232)	(114.127)
- Changes in Trade Payables	8	724.753
- Changes in Payables Related to Employee Benefits	59.182	(8.921)
- Changes in Contract Liabilities Arising from Ongoing Construction Works	9	(434.748)
- Changes in Other Liabilities	22.184	(3.576)
- Changes in Deferred Revenue	419.764	(132.970)
Cash Generated by Operating Activities	657.590	(837.399)
Interest Paid	(108.635)	(74.875)
Interest Received	101.386	51.010
Payments Related to Employee Benefits	14	(86.030)
Other Provision Paid	14	(338)
Tax Paid/Return	(340.223)	(411.084)
B. CASH FLOWS FROM INVESTING ACTIVITIES	(40.719)	(1.186.117)
Cash Inflows from Sales of Shares or Capital Decrease of Associates or Joint Ventures	11	1.403
Cash Outflows for Payments due to Share Acquisition or Capital Increase of Associates or Joint Ventures	11	(400)
Cash Inflows from Sales of Shares in Other Entities or Shares in Funds or Borrowing Instruments	23	-
Cash Outflows for Acquisition of Shares in Other Entities or Shares in Funds or Borrowing Instruments	23	(836.858)
Proceeds from Sales of Tangible and Intangible Assets	12	19.972
Acquisition of Tangible and Intangible Assets	12	(380.505)
Proceeds from Sales of Investment Properties	12	5.000
Acquisition of Investment Properties	12	(1.457)
Advances and Debts Given	9.061	1.395
Dividend Received	8.998	5.333
C. CASH FLOWS FROM FINANCING ACTIVITIES	(44.229)	600.817
Proceeds from Borrowings	1.824.184	1.815.418
Repayments of Borrowings	(1.763.250)	(797.750)
Payments of Lease Obligations	(34.081)	(31.613)
Dividend Paid	4	(385.238)
CHANGE IN CASH AND CASH EQUIVALENTS BEFORE CURRENCY TRANSLATION RESERVE EFFECT	144.578	(1.944.016)
D. CURRENCY TRANSLATION RESERVE EFFECT ON CASH AND CASH EQUIVALENTS	434.231	793.614
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)	578.809	(1.150.402)
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	3.259.116	4.094.625
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)	3.837.925	2.944.223

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2021

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

1. ORGANIZATION AND OPERATIONS OF THE GROUP

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

As of 30 September 2021, the Group has 19.214 employees (31 December 2020: 18.444) including the personnel of subcontractors. Registered address of the Company is Kültür Mahallesi, Budak Sokak, Tekfen Sitesi A Blok, No: 7, Beşiktaş, İstanbul, Türkiye.

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

Changes in the Group's structure as of 30 September 2021:

A branch of Tekfen İnşaat ve Tesisat A.Ş. ("Tekfen İnşaat"), a subsidiary of the Group, was established in the Republic of Mozambique.

Tekfen İnşaat has decided to establish a company in the People's Democratic Republic of Algeria.

Tekfen Construction and Installation W.L.L company was established with the agreement between Tekfen İnşaat and Qatar-based Al Attiyah Group of Trading.

Tekfen Engineering, one of the subsidiaries of the Group, has established a branch office in the Republic of Kenya.

The agreement regarding the sale of shares of Florya Gayrimenkul Yatırım İnşaat Turizm Sanayi ve Ticaret A.Ş., one of the joint ventures of the Group with 50% direct participation rate, on 24 June 2021 for a price of 216.048 and the approval of the Competition Board regarding the sale took place on 8 July 2021. The sales profit amounting to 124.594 is included in the investment income line of condensed consolidated statement of profit or loss for the period ended 30 September 2021.

Approval of condensed consolidated financial statements:

The condensed consolidated financial statements are approved and published by the Board of Directors as of 26 October 2021.

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 September 2021 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 2020 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 2020.

Exchange rates used in the consolidation process as of 30 September 2021 are; 1 USD= 8,8433 TL, 1 EUR= 10,3135 TL, 1 AZN= 5,2019 TL, 1 SAR= 2,3582 TL, 1 QAR= 2,4228 TL, 1 RON= 2,0724 (Exchange rates as of 31 December 2020 are; 1 USD= 7,3405 TL, 1 EUR= 9,0079 TL, 1 AZN= 4,3179 TL, 1 SAR= 1,9575 TL, 1 QAR= 2,0111 TL, 1 RON= 1,8373).

Translated into English from the report originally issued in Turkish.

TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2021

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

3. ADOPTION OF NEW AND REVISED STANDARDS

New and revised standards and interpretations are presented below:

- (a) **Amendments in standards affecting the notes and amounts in the condensed consolidated financial statements:**
- None.
- (b) **Standards, amendments and interpretations to existing standards that are effective as of the year 2021, but not affecting the condensed consolidated financial statements of the Group:**
- TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16 (amendments) – “The benchmark interest rate reform Phase 2” is effective for annual periods beginning after 1 January 2021.
- (c) **Standards and interpretations and amendments to existing standards that are issued but not yet effective and have not been early adopted by the Group:**
- TFRS 17 and TFRS 4 (amendments), postponement of the application of TFRS 9; effective for annual periods beginning after 1 January 2023.
 - TFRS 17 “Insurance Contracts”, effective for annual periods beginning after 1 January 2023.
 - TAS 1 (amendments), “Classification of Liabilities”, effective for annual periods beginning after 1 January 2023.
 - Annual Improvements to TFRS 2018-2020 Cycle (TFRS 1, TFRS 9, TAS 41), effective for annual periods beginning after 1 January 2022.
 - TFRS 3 (amendments), “Reference to the Conceptual Framework”, effective for annual periods beginning after 1 January 2022.
 - TAS 16 (amendments), “Property, Plant and Equipment - Proceeds before Intended Use”, effective for annual periods beginning after 1 January 2022.
 - TAS 37 (amendments), “Onerous Contracts - Cost of Fulfilling a Contract”, effective for annual periods beginning after 1 January 2022.

The Group evaluates the effects of the standards issued and the standards not yet effective as of 30 September 2021 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.

TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2021

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

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

Construction Projects

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

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

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

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

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

Current information about related projects is as follows;

Kazakhstan - Kuyubası Pressure Management Project:

Pursuant to the contract signed between Gate İnşaat Taahhüt San. ve Tic. A.Ş. 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 expected current end-of-project income of the project is 7.407.740 (837.666.919 USD) and the financial completion rate of the project is 54,8% 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 1.636.301 (675.369.718 QAR) and the financial completion rate of the project is 91,5% 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 970.947 (400.750.571 QAR) will occur in the end-of-project cost and Group share of this increase has been included in the condensed 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 condensed consolidated financial statements as of reporting date.

TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2021

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

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

Construction Projects (cont'd)

Qatar - Al Khor Highway Project:

Pursuant to the contract signed between Tekfen İnşaat and Qatar Public Engineering Office (PEO) on 13 October 2016, the project, which consists of a 10-lane 34 km length highway and its infrastructure, various intersections, viaducts, under and overpasses, was undertaken. The expected current end-of-project income of the project is 22.242.692 (9.180.489.735 QAR) and the financial completion rate of the project is 97,3% as of the balance sheet date.

During the construction of the project, the revenues from the additional works performed with the instructions of the Employer administration are recognized in the condensed 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 condensed consolidated financial statements yet, are in progress.

Saudi Arabia - Jeddah Yanbu Pipeline Project:

Pursuant to the contract signed between Tekfen İnşaat and Saudi Arabian Oil Company on 15 November 2016, the pipeline project between Jeddah and Yanbu was undertaken. The expected current end-of-project income of the project is 2.627.843 (1.114.336.279 SAR) and the financial completion rate of the project is 94,1% as of the balance sheet date. Due to the additional work done and the additional cost increases, negotiations concerning additional income demand are in progress within the scope of the contract signed with the Employer administration.

Saudi Arabia - Haradh Satellite Compressor Stations Pipelines Project:

Pursuant to the contract signed between Tekfen İnşaat and Saudi Arabian Oil Company on 30 July 2018, the Haradh Field Gas Increase Program - Satellite Gas Compressor Stations Pipeline Construction Project was undertaken. The expected current end-of-project income of the project is 6.394.632 (2.711.642.828 SAR) and the financial completion rate of the project is 84,7% 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. During the construction of the project, the revenues from the additional works performed with the instructions of the Employer administration are recognized in the condensed consolidated financial statements in accordance with "TFRS 15 Revenue from Customer Contracts" standard and the management estimations. Due to the additional work done and the additional cost increases, negotiations concerning additional income demand are in progress within the scope of the contract signed with the Employer administration.

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

Rusfen, one of the subsidiaries of the Group, signed a contract with Kharampurneftgaz LLC on 27 December 2019, for the construction and installation of 90 km length 48 "gas pipeline. The expected current end-of-project income of the project is 2.359.510 (19.410.666.411 Russian Rubles) and the financial completion rate of the project is 63,7% 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 carried out within the framework of the work schedule.

As of reporting date, expected losses and claim incomes within the terms applicable in the contract was recognized in the condensed consolidated financial statements in accordance with "TFRS 15 Revenue from Customer Contracts" standard and the management estimations.

TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2021

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

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

Financial Investments

During the nine month interim period ended 30 September 2021, the positive change of 248.372 in the fair value of the Group's fair value through profit or loss financial investments has been recognized in the investment income line of condensed consolidated statement of profit or loss (30 September 2020: 19.464). Since one of the fair value through profit or loss financial investments has started to be traded in the local stock exchange in the current period, it has been transferred to Level 1 fair value hierarchy, which was Level 3 in the previous period. Additionally, shares of one of the fair value through profit or loss financial investments has sold within the period. (Note: 23)

Other

Tekfen İnşaat has signed an agreement with Central Bank of Azerbaijan for the construction works of the engineering, equipment and material supply turnkey construction works of Azerbaijan Central Bank administration building. Value of the project contract is approximately 2.284.350 (218.000.000 EUR).

Istek Construction LLP which is 50% owned by Gate İnşaat Taahhüt San. ve Tic. A.Ş, a subsidiary of Group, and North Caspian Operating Company N.V. has signed a 5-year framework contract for the provision of renovation-construction services at existing facilities in Kazakhstan. On 12 July 2021, the work order number 1 with amounting 114.026 (5.488.618.364 KZT) was conveyed to the Group by the employer administration. During the contract period, the ongoing amount of work in progress within the framework of the work orders given by the employer administration will be shared in the quarterly reports of the Group.

The Consortium comprising of Tekfen İnşaat and Hallesche Mitteldeutsche Bau AG, both subsidiaries of the Group, has received a letter of award from Türkiye Petrol Rafinerileri A.Ş. (Tüpraş) as the owner of the project, for Engineering, Procurement and Construction of Tüpraş Kırıkkale Refinery Sulphur Recovery Unit Project. The scope of work consists of engineering, equipment and material procurement and construction of Sulphur Recovery Units with a total duration of 36 months. The contract within the scope of the project has been signed by the Group and the signature process of Tüpraş is in progress. Project value is 484.452 (54.781.856 USD) and 108.309 (10.501.600 EUR).

With the article 11 of the Law No. 7316 on the Procedure for the Collection of Public Claims and Amending Certain Laws, published in the Official Gazette No. 31462 dated 22 April 2021, provisional 13th article added to the Corporate Tax Law No. 5520, corporate tax rate will be applied as 25% for the corporate earnings for the 2021 taxation period and 23% for the corporate earnings for the 2022 taxation period. In the condensed consolidated financial statements as of 30 September 2021, 25% has been used as the tax rate in the period tax calculations. In the deferred tax calculations, the rates have been determined depending on the period in which the taxable/deductible temporary differences are expected to be realized.

Upon the resolution of Ordinary General Assembly held on 26 March 2020, it is decided to distribute 1,15 TL gross cash dividends per share attributable to the operations of the year of 2019. It is decided that the first portion of dividends of 426.492 and 29.828 in the aggregate 456.320 respectively to the owners of the parent and Tekfen Eğitim Sağlık Kültür Sanat ve Doğal Varlıkları Koruma Vakfı which holds redeemed shares will be distributed on 27 April 2020 and second portion of dividend distribution will be held on 24 September 2020.

However pursuant to article 12 of Law Concerning the Reduction of the Effects of COVID-19 Pandemic on Economic and Social Life and the Amendment of Some Laws numbered 7244, which went into effect with its publication in issue 31102 of the official gazette on 17 April 2020 as well as to interim article 13 added to the Turkish Commercial Code numbered 6102, portions of dividends that exceed 25% of 2019 net profit must be paid after 30 September 2020. For this reason, the Board of Directors of the Company has decided that 456.320 of dividend will be paid in three installements. First installment amounting to 213.246 to the owners of the parent and 29.828 to Tekfen Eğitim Sağlık Kültür Sanat ve Doğal Varlıkları Koruma Vakfı which holds redeemed shares which constitute 243.074 was paid in accordance with the decision taken in the Ordinary General Assembly on 27 April 2020, second installment amounting to 142.164 was paid on 24 September 2020. The last installment dividend payment amounting to 71.082, which was decided to be made on 1 October 2020, was paid on 7 January 2021 within the framework of the President's Decree dated 18 September 2020.

TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2021

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

5. SIGNIFICANT CHANGES IN EQUITY

Gain (Loss) on Investments in Equity Instruments:

The negative change of 99.067 in the fair values of the fair value through other comprehensive income financial investments of the Group has been directly recognized in equity (30 September 2020: positive change of 229.679).

Legal Reserves:

In accordance with the resolutions taken during the Ordinary General Assemblies of Group companies as of 30 September 2021, 14.878 of legal reserves were transferred from retained earnings in the condensed consolidated financial statements as of 30 September 2021 (30 September 2020: 104.091).

Hedging Reserve:

The negative change of 1.444 in the fair values of the effective derivative instruments which the Group uses for cash flow hedging has been recognized in equity (30 September 2020: positive change of 43.846).

Profit Distribution:

Upon the resolution of the Ordinary General Assembly held on 25 March 2021, it is decided not to distribute any dividend for the operations of the year 2020 due to the occurrence of loss for the year. (For the operations of the year 2019, profit shares of 426.492 and 29.828 in the aggregate 456.320 were distributed respectively to owners of the parent and Tekfen Eğitim Sağlık Kültür Sanat ve Doğal Varlıkları Koruma Vakfı which holds redeemed share.)

TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2021

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

6. SEGMENT REPORTING

a) Segment results:

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

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

Translated into English from the report originally issued in Turkish.

TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2021

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

6. SEGMENT REPORTING (cont'd)

a) Segment results (cont'd):

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

Translated into English from the report originally issued in Turkish.

TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2021

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

6. SEGMENT REPORTING (cont’d)

a) Segment results (cont’d):

	1 January - 30 September 2020					
	Engineering & Contracting	Chemical Industry	Agricultural Production	Service	Investment	Total
Revenue	5.056.123	2.791.958	131.930	357.847	35.730	8.373.588
Cost of revenue (-)	(5.198.582)	(2.121.185)	(103.801)	(217.482)	(15.260)	(7.656.310)
GROSS PROFIT (LOSS)	(142.459)	670.773	28.129	140.365	20.470	717.278
General administrative expenses (-)	(187.485)	(45.600)	(8.414)	(11.206)	(87.126)	(339.831)
Marketing expenses (-)	(8.358)	(201.046)	(35.577)	(5.319)	-	(250.300)
Research and development expenses (-)	(3.983)	(3.231)	(10.290)	-	-	(17.504)
Other operating income	309.700	159.597	10.665	17.630	4.408	502.000
Other operating expenses (-)	(303.069)	(396.733)	(4.860)	(11.388)	(9.485)	(725.535)
Share on profit (loss) of investments valued by equity method	34.185	(104)	4.194	-	-	38.275
OPERATING PROFIT (LOSS)	(301.469)	183.656	(16.153)	130.082	(71.733)	(75.617)
Investment income	277	2.446	398	101	30.845	34.067
Investment expense (-)	-	(3)	(11)	-	(1)	(15)
PROFIT (LOSS) BEFORE FINANCIAL INCOME (EXPENSES)	(301.192)	186.099	(15.766)	130.183	(40.889)	(41.565)
Financial income	42.010	201.736	5.430	6.347	380.082	635.605
Financial expenses (-)	(19.284)	(111.128)	(29.174)	(5.796)	(96.514)	(261.896)
PROFIT (LOSS) FROM CONTINUING OPERATIONS BEFORE TAXATION	(278.466)	276.707	(39.510)	130.734	242.679	332.144
Tax (expense) income from continuing operations	(99.445)	(19.657)	2.714	(27.019)	(60.777)	(204.184)
PROFIT (LOSS) FROM CONTINUING OPERATIONS FOR THE PERIOD	(377.911)	257.050	(36.796)	103.715	181.902	127.960

For the nine month interim period ended 30 September 2020, revenues amounting 1.817.583 and 1.661.149 were obtained from two non-related client of Engineering and Contracting segment which constitute %21,7 and 19,8% of the Group’s revenue respectively.

Translated into English from the report originally issued in Turkish.

TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2021

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

6. SEGMENT REPORTING (cont’d)

a) Segment results (cont’d):

	1 July - 30 September 2020					
	Engineering & Contracting	Chemical Industry	Agricultural Production	Service	Investment	Total
Revenue	1.447.863	1.015.505	73.268	144.303	12.302	2.693.241
Cost of revenue (-)	(1.666.246)	(768.060)	(55.222)	(83.086)	(2.850)	(2.575.464)
GROSS PROFIT (LOSS)	(218.383)	247.445	18.046	61.217	9.452	117.777
General administrative expenses (-)	(57.669)	(19.636)	(3.372)	(3.807)	(24.661)	(109.145)
Marketing expenses (-)	(2.964)	(56.553)	(23.488)	(2.014)	-	(85.019)
Research and development expenses (-)	(392)	(619)	(1.787)	-	-	(2.798)
Other operating income	53.202	70.244	5.682	9.250	1.216	139.594
Other operating expenses (-)	(52.027)	(159.572)	(3.092)	(4.464)	(2.534)	(221.689)
Share on profit of investments valued by equity method	15.990	-	1.485	-	-	17.475
OPERATING PROFIT (LOSS)	(262.243)	81.309	(6.526)	60.182	(16.527)	(143.805)
Investment income	101	(26)	195	51	702	1.023
Investment expense (-)	168	-	1	-	(1)	168
PROFIT (LOSS) BEFORE FINANCIAL INCOME (EXPENSES)	(261.974)	81.283	(6.330)	60.233	(15.826)	(142.614)
Financial income	20.280	102.070	4.222	2.333	172.900	301.805
Financial expense (-)	(6.526)	(43.509)	(16.589)	(1.341)	(18.569)	(86.534)
PROFIT (LOSS) FROM CONTINUING OPERATIONS BEFORE TAXATION	(248.220)	139.844	(18.697)	61.225	138.505	72.657
Tax (expense) income from continuing operations	(21.949)	(17.388)	595	(12.166)	(35.211)	(86.119)
PROFIT (LOSS) FROM CONTINUING OPERATIONS FOR THE PERIOD	(270.169)	122.456	(18.102)	49.059	103.294	(13.462)

Translated into English from the report originally issued in Turkish.

TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2021

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

6. SEGMENT REPORTING (cont’d)

b) Segment assets and liabilities:

Balance sheet	30 September 2021					
	Engineering & Contracting	Chemical Industry	Agricultural Production	Service	Investment	Total
Total assets	7.338.917	5.593.871	427.872	567.174	3.477.350	17.405.184
Current and non-current liabilities	6.029.364	3.199.816	333.772	132.588	292.294	9.987.834
Equity attributable to owners of the parent	861.013	3.147.233	(140.806)	394.135	3.055.804	7.317.379
Non-controlling interests	6.237	18.819	-	61	74.854	99.971

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

Translated into English from the report originally issued in Turkish.

TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2021

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

6. SEGMENT REPORTING (cont'd)

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

	1 January - 30 September 2021					
	Engineering & Contracting	Chemical Industry	Agricultural Production	Service	Investment	Total
Capital expenditures	151.607	130.152	14.819	19.442	1.013	317.033
Depreciation and amortization expense for the period (*)	190.740	59.179	16.097	10.918	9.627	286.561
Intra-segment revenue	212.715	67.028	1.800	183	7.629	289.355
Inter-segment revenue	170	827	-	12.543	14.126	27.666
	1 July - 30 September 2021					
	Engineering & Contracting	Chemical Industry	Agricultural Production	Service	Investment	Total
Capital expenditures	27.480	47.323	4.529	4.632	103	84.067
Depreciation and amortization expense for the period (*)	66.534	18.170	4.838	4.086	3.033	96.661
Intra-segment revenue	41.880	22.611	476	67	2.685	67.719
Inter-segment revenue	134	304	-	4.368	3.892	8.698
	1 January - 30 September 2020					
	Engineering & Contracting	Chemical Industry	Agricultural Production	Service	Investment	Total
Capital expenditures	134.676	186.017	35.410	20.717	5.142	381.962
Depreciation and amortization expense for the period (*)	142.766	57.110	10.432	9.915	8.697	228.920
Intra-segment revenue	228.729	47.647	2.329	150	9.684	288.539
Inter-segment revenue	949	940	-	8.991	13.594	24.474
	1 July - 30 September 2020					
	Engineering & Contracting	Chemical Industry	Agricultural Production	Service	Investment	Total
Capital expenditures	22.300	57.850	7.474	7.424	2.272	97.320
Depreciation and amortization expense for the period (*)	53.357	26.373	3.665	3.499	2.780	89.674
Intra-segment revenue	112.951	16.030	-	53	2.383	131.417
Inter-segment revenue	-	296	-	2.985	4.698	7.979

(*) Depreciation expense of 2.802 has been added to the cost of inventory (30 September 2020: 5.787 deducted from the cost of inventory).

Translated into English from the report originally issued in Turkish.

TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2021

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

6. SEGMENT REPORTING (cont’d)

d) Geographical segment information is as follows:

	Turkey	CIS	Middle Eastern Countries	Other	Eliminations	Total
Revenue (1 January - 30 September 2021)	5.645.944	2.654.812	2.738.093	298.556	(317.021)	11.020.384
Total Assets (30 September 2021)	19.328.666	6.581.068	4.588.083	2.584.487	(15.677.120)	17.405.184
Capital Expenditures (1 January - 30 September 2021)	185.382	129.100	2.289	262	-	317.033
	Turkey	CIS	Middle Eastern Countries	Other	Eliminations	Total
Revenue (1 July - 30 September 2021)	1.701.075	895.487	893.902	184.795	(76.417)	3.598.842
Capital Expenditures (1 July - 30 September 2021)	63.678	19.651	734	4	-	84.067
	Turkey	CIS	Middle Eastern Countries	Other	Eliminations	Total
Revenue (1 January - 30 September 2020)	3.998.835	839.836	3.690.452	157.478	(313.013)	8.373.588
Total Assets (31 December 2020)	15.430.503	5.252.886	3.999.280	1.867.741	(12.633.377)	13.917.033
Capital Expenditures (1 January - 30 September 2020)	310.882	29.939	41.009	132	-	381.962
	Turkey	CIS	Middle Eastern Countries	Other	Eliminations	Total
Revenue (1 July - 30 September 2020)	1.531.410	313.856	921.261	66.110	(139.396)	2.693.241
Capital Expenditures (1 July - 30 September 2020)	80.258	8.351	8.704	7	-	97.320

Translated into English from the report originally issued in Turkish.

TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2021

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

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 2.944.589 (31 December 2020: 2.413.297). Demand deposits and other cash equivalents with maturity of three months or less constitute the rest of the cash and cash equivalents.

8. TRADE RECEIVABLES AND PAYABLES

a) Trade Receivables:

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

	30 September 2021	31 December 2020
Short-term trade receivables		
Receivables from Contracting & Engineering segment operations	1.265.317	1.272.636
Receivables from Chemical Industry segment operations	611.842	339.522
Receivables from Agricultural Production segment operations	40.501	21.820
Receivables from Service segment operations	22.921	8.958
Receivables from Investment segment operations	5.124	3.282
Provision for doubtful receivables (-)	(114.371)	(101.291)
Retention receivables (Note: 9)	449.088	367.890
Due from related parties	50.066	106.715
Other	21.040	19.319
	<u>2.351.528</u>	<u>2.038.851</u>
Long-term trade receivables		
Retention receivables (Note: 9)	171.789	290.195
Receivables from Contracting & Engineering segment operations	902	3.212
	<u>172.691</u>	<u>293.407</u>

Postdated cheques amounting to 362.952 (31 December 2020: 147.221), notes receivables amounting to 14.290 (31 December 2020: 20.003), positive foreign currency differences amounting to 2.508 (31 December 2020: positive foreign currency differences amounting to 5.104), date differences amounting 287 (31 December 2020: None) 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 91 days (31 December 2020: 100 days), for domestic projects is 96 days (31 December 2020: 159 days), for Chemical Industry segment is 39 days (31 December 2020: 41 days), for Agricultural Production segment is 70 days (31 December 2020: 63 days), for Service segment is 23 days (31 December 2020: 32 days), and for Investment segment is 30 days (31 December 2020: 30 days).

As of 30 September 2021, receivables amounting 643.077 was obtained from a single non-related client which constitute 26% of the Group’s receivables (31 December 2020: 490.286, 22%).

As of 30 September 2021, 114.371 of provision for doubtful receivables was determined based on past uncollectible receivable cases encountered and future expectations (30 September 2020: 94.854).

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

	2021	2020
Provision as of 1 January	(101.291)	(80.609)
Charge for the period	(2.247)	(890)
Collected	570	-
Write off of bad debt	6	5.288
Currency translation effect	(11.409)	(18.643)
Provision as of 30 September	<u>(114.371)</u>	<u>(94.854)</u>

TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2021

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

8. TRADE RECEIVABLES AND PAYABLES (cont’d)

a) Trade Receivables (cont’d):

1.976 and 271 of doubtful receivable expense has been charged to cost of revenue and general administrative expenses respectively (30 September 2020: All of doubtful receivable expense has been charged to general administrative expenses).

b) Trade Payables:

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

	30 September 2021	31 December 2020
Short-term trade payables		
Payables from Contracting & Engineering segment operations	1.680.961	1.650.578
Payables from Chemical Industry segment operations	2.005.494	985.773
Payables from Agricultural Production segment operations	23.454	15.777
Payables from Service segment operations	36.987	45.768
Payables from Investment segment operations	3.416	5.972
Due to related parties	10.616	12.835
Retention payables (Note: 9)	682.857	670.228
Other	32.960	31.156
	<u>4.476.745</u>	<u>3.418.087</u>
Long-term trade payables		
Retention payables (Note: 9)	113.118	64.246
Payables from Contracting & Engineering segment operations	3.562	2.982
	<u>116.680</u>	<u>67.228</u>

Foreign currency differences amounting to 248.783 (31 December 2020: 265.059) are included in short and long-term trade payables.

For Chemical Industry segment, payables attributable to inventory supplied through imports constitute 97% (31 December 2020: 93%) of trade payables as at balance sheet date and average payable period for these import purchases is 143 days (31 December 2020: 115 days) whereas average payable period for domestic purchases is 20 days (31 December 2020: 28 days). For Engineering and Contracting segment, average payable period for import purchases through letter of credit is 69 days (31 December 2020: 70 days) whereas the average payable period for other purchases is 155 days (31 December 2020: 141 days). The average payable period for Agricultural Production segment is 27 days (31 December 2020: 27 days), for Service segment is 43 days (31 December 2020: 44 days), and for Investment segment is 38 days (31 December 2020: 41 days).

9. CONTRACT ASSETS AND LIABILITIES ARISING FROM ONGOING CONSTRUCTION WORKS

	30 September 2021	31 December 2020
Cost incurred on ongoing contracts	49.256.869	40.178.260
Recognised gain less losses (net)	1.397.243	2.112.733
	<u>50.654.112</u>	<u>42.290.993</u>
Less: Billings to date (-)	(49.444.793)	(42.094.433)
	<u>1.209.319</u>	<u>196.560</u>

TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2021

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

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 September 2021	31 December 2020
Contract assets arising from ongoing construction works	1.615.493	631.682
Contract liabilities arising from ongoing construction works	(406.174)	(435.122)
	<u>1.209.319</u>	<u>196.560</u>
	30 September 2021	31 December 2020
<u>Contract assets arising from ongoing construction works</u>		
Contracts undersigned abroad	1.522.915	522.268
Contracts undersigned in Turkey	92.578	109.414
	<u>1.615.493</u>	<u>631.682</u>
<u>Contract liabilities arising from ongoing construction works</u>		
Contracts undersigned abroad	(406.174)	(435.122)
	<u>(406.174)</u>	<u>(435.122)</u>
	<u>1.209.319</u>	<u>196.560</u>

The Group has 253.860 of advances given to subcontractors and other suppliers for construction projects classified in short-term prepaid expenses (31 December 2020: 267.203). Also, the Group has 476.530 of advances received for contracting projects classified in deferred revenue (31 December 2020: 472.264).

As of 30 September 2021, the Group has 795.975 of retention payables to subcontractors (31 December 2020: 734.474). Also, the amount of retention receivables is 620.877 (31 December 2020: 658.085) (Note: 8).

10. INVENTORIES

	30 September 2021	31 December 2020
Raw materials	506.080	193.018
Work in progress	450.821	263.237
Finished goods	129.018	53.546
Trading goods	152.334	195.402
Goods in transit	273.798	52.877
Inventory at construction sites	1.317.036	1.183.100
Other inventories	125.622	92.520
Allowance for impairment on inventory (-)	(11.905)	(155)
	<u>2.942.804</u>	<u>2.033.545</u>

For the nine month interim period ended 30 September 2021, there are no borrowing costs added to inventory (31 December 2020: None).

<u>Movement of allowance for impairment of inventory</u>	2021	2020
Provision as of 1 January	(155)	-
Charge for the period	(11.749)	-
Provision as of 30 September	<u>(11.905)</u>	<u>-</u>

All of impairment expense on inventory has been charged to cost of revenue (2020: None).

TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2021**

(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 September 2021		31 December 2020		Power to appoint	Industry
		Participation Rate	Amount	Participation Rate	Amount		
H-T Fidecilik	Turkey	50%	17.883	50%	13.372	50%	Agriculture
Azfen	Azerbaijan	40%	110.606	40%	11.431	40%	Construction
Florya Gayrimenkul (*)	Turkey	50%	-	50%	91.015	50%	Real Estate
			<u>128.489</u>		<u>115.818</u>		

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

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

	2021	2020
Opening balance as of 1 January	115.818	103.597
Group’s share on profit	93.103	38.275
Effect of the joint ventures sold	(91.454)	(698)
Capital increases	444	400
Currency translation effect	10.578	5.574
Closing balance as of 30 September	<u>128.489</u>	<u>147.148</u>

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

	1 January- 30 September 2021	1 January - 30 September 2020
H-T Fidecilik	4.511	4.194
Azfen	88.597	34.185
Black Sea Gübre (*)	-	(104)
Florya Gayrimenkul	(5)	-
Shares on profit of joint ventures valued by equity method	<u>93.103</u>	<u>38.275</u>

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

TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2021

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

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

Information related to balance sheet (cont’d):

	H-T		Florya	
	Fidecilik	Azfen	Gayrimenkul	Total
30 September 2021				
Cash and cash equivalents	374	834.230	-	834.604
Other current assets	91.641	977.814	-	1.069.455
Non-current assets	19.654	219.891	-	239.545
Total Assets	111.669	2.031.935	-	2.143.604
Short-term borrowings	45.680	-	-	45.680
Other short-term liabilities	21.334	1.747.118	-	1.768.452
Long-term borrowings	5.455	-	-	5.455
Other long-term liabilities	3.434	8.302	-	11.736
Total Liabilities	75.903	1.755.420	-	1.831.323
Net Assets	35.766	276.515	-	312.281
Group's Ownership Rate	50%	40%	-	
Group's Share on Net Assets	17.883	110.606	-	128.489
	H-T		Florya	
	Fidecilik	Azfen	Gayrimenkul	Total
31 December 2020				
Cash and cash equivalents	370	202.391	38	202.799
Other current assets	64.752	829.169	59.708	953.629
Non-current assets	21.127	180.933	124.847	326.907
Total Assets	86.249	1.212.493	184.593	1.483.335
Short-term borrowings	23.688	-	-	23.688
Other short-term liabilities	22.008	1.183.915	73	1.205.996
Long-term borrowings	9.310	-	-	9.310
Other long-term liabilities	4.500	-	2.490	6.990
Total Liabilities	59.506	1.183.915	2.563	1.245.984
Net Assets	26.743	28.578	182.030	237.351
Group's Ownership Rate	50%	40%	50%	
Group's Share on Net Assets	13.372	11.431	91.015	115.818

Translated into English from the report originally issued in Turkish.

TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2021

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

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

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

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

(*) Shares of Black Sea Gübre'nin were sold on 12 June 2020 (Note: 1).

Translated into English from the report originally issued in Turkish.

TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2021

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

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

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

1 January - 30 September 2020	H-T Fidecilik	Azfen	Black Sea Gübre	Florya Gayrimenkul	Total
Revenue	94.158	970.265	-	-	1.064.423
Depreciation and amortization expense (-)	(1.938)	(20.802)	-	-	(22.740)
Operating profit (loss)	13.569	117.795	(579)	-	130.785
Financial income	32	-	268	-	300
Financial expense (-)	(2.871)	-	(36)	-	(2.907)
Tax (expense) income	(2.343)	(32.331)	1	-	(34.673)
Profit (Loss) for the Period	8.388	85.462	(346)	-	93.504
Group's Ownership Rate	50%	40%	30%	50%	
Group's Share on Profit (Loss) for the Period	4.194	34.185	(104)	-	38.275
1 July - 30 September 2020	H-T Fidecilik	Azfen	Black Sea Gübre	Florya Gayrimenkul	Total
Revenue	32.950	365.430	-	-	398.380
Depreciation and amortization expense (-)	(629)	(6.675)	-	-	(7.304)
Operating profit	4.725	60.942	-	-	65.667
Financial income	12	-	-	-	12
Financial expense (-)	(930)	-	-	-	(930)
Tax expense (-)	(838)	(20.965)	-	-	(21.803)
Profit for the Period	2.970	39.975	-	-	42.945
Group's Ownership Rate	50%	40%	-	50%	
Group's Share on Profit for the Period	1.485	15.990	-	-	17.475

Translated into English from the report originally issued in Turkish.

TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2021

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

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

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

	Property, Plant and Equipment	Other Intangible Assets	Investment Property	Right-of-use assets
Cost Value				
Opening balance as of 1 January 2021	6.319.659	127.888	175.747	95.044
Currency translation effect	765.606	19.467	13.474	7.009
Additions	314.603	2.430	-	19.126
Disposals	(132.473)	(863)	(547)	(11.532)
Allowance for impairment	(5.986)	-	-	-
Transfers	(24.752)	24.752	-	-
Closing balance as of 30 September 2021	<u>7.236.657</u>	<u>173.674</u>	<u>188.674</u>	<u>109.647</u>
Accumulated Depreciation and Amortization				
Opening balance as of 1 January 2021	(3.742.684)	(83.631)	(38.728)	(32.303)
Currency translation effect	(564.353)	(16.297)	(23)	(2.998)
Charge for the period	(255.096)	(9.298)	(2.084)	(22.885)
Disposals	121.333	533	142	11.350
Transfers	21.408	(21.408)	-	-
Closing balance as of 30 September 2021	<u>(4.419.392)</u>	<u>(130.101)</u>	<u>(40.693)</u>	<u>(46.836)</u>
Carrying value as of 30 September 2021	<u>2.817.265</u>	<u>43.573</u>	<u>147.981</u>	<u>62.811</u>
Cost Value				
Opening balance as of 1 January 2020	5.118.716	108.650	161.229	103.618
Currency translation effect	920.063	21.623	16.350	15.377
Additions	377.708	2.797	1.457	26.232
Acquired through business combination	10.877	1.907	-	-
Disposals	(26.703)	(7.234)	(3.600)	(47.462)
Transfers from inventory	-	-	3.538	-
Transfers	(949)	87	862	-
Closing balance as of 30 September 2020	<u>6.399.712</u>	<u>127.830</u>	<u>179.836</u>	<u>97.765</u>
Accumulated Depreciation and Amortization				
Opening balance as of 1 January 2020	(2.983.510)	(63.615)	(35.871)	(48.436)
Currency translation effect	(672.028)	(16.830)	(18)	(7.854)
Charge for the period	(193.644)	(7.226)	(1.829)	(20.434)
Disposals	11.927	3.038	-	40.954
Transfers	361	-	(361)	-
Closing balance as of 30 September 2020	<u>(3.836.894)</u>	<u>(84.633)</u>	<u>(38.079)</u>	<u>(35.770)</u>
Carrying value as of 30 September 2020	<u>2.562.818</u>	<u>43.197</u>	<u>141.757</u>	<u>61.995</u>

The Group management has reviewed the fair values of investment properties presented for disclosure purposes. As a result of the latest valuation studies to determine the fair value of the Group's investment properties, as of 30 September 2021, the fair value of the investment properties have been determined as 630.696 (31 December 2020: 618.866) in total. There are not any restrictions on the realizability of investment properties or any remittances of income and proceeds of disposal.

TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2021

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

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

(b) Goodwill

Subsidiaries Acquired	Nature of Business	Date of Acquisition	Ratio of Shares Acquired	Acquisition Price	Goodwill
CFS Petrokimya Sanayi A.Ş.	Chemical Industry	31 May 2019	100%	8.518	-
Denkmal in Dahlem Otto-Hahn-Platz GmbH	Engineering & Contracting	30 July 2019	80%	53.963	22.989
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
				130.241	85.949

Breakdown of the acquisition price is as follows:

	CFS	Denkmal Dahlem	Gönen Enerji	Meram Enerji	Total
Paid in cash	8.518	53.963	42.946	24.814	130.241
Acquisition price	8.518	53.963	42.946	24.814	130.241

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

	CFS	Denkmal Dahlem	Gönen Enerji	Meram Enerji	Total
Current assets	113	284.086	19.361	20.264	323.824
Cash and cash equivalents	13	1.217	12.132	3.043	16.405
Other current assets	100	282.869	7.229	17.221	307.419
Non-current assets	538	3.373	42.252	12.898	59.061
Tangible and intangible assets	538	3.373	40.268	12.784	56.963
Other non-current assets	-	-	1.984	114	2.098
Current liabilities	932	103.548	27.746	29.697	161.923
Non-current liabilities	-	145.194	31.956	-	177.150
Net assets	(281)	38.717	1.911	3.465	43.812

Translated into English from the report originally issued in Turkish.

TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2021

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

12. PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS, INVESTMENT PROPERTY AND RIGHT-OF-USE ASSETS (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	53.963	42.946	24.814	130.241
Non-controlling interest	-	7.743	573	3	8.319
Less: Fair value of net assets of the acquired company	281	(38.717)	(1.911)	(3.465)	(43.812)
Impairment (-)	(8.799)	-	-	-	(8.799)
Goodwill	-	22.989	41.608	21.352	85.949

The Group has calculated the recoverable amount of the goodwill and a provision for impairment has been recognized for the portion of the recoverable value of the goodwill arising from CFS exceeding the carrying amount for the period ended 30 September 2021.

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	53.963	42.946	24.814	130.241
Less: Cash and cash equivalents of the acquired company	(13)	(1.217)	(12.132)	(3.043)	(16.405)
Net cash outflow	8.505	52.746	30.814	21.771	113.836

Movement of Goodwill is as follows:

	<u>CFS</u>	<u>Dahlem</u>	<u>Gönen Enerji</u>	<u>Meram Enerji</u>	<u>Total</u>
Opening balance as of 1 January 2021	8.799	20.079	41.608	21.352	91.838
Impairment (-)	(8.799)	-	-	-	(8.799)
Currency translation effect	-	2.910	-	-	2.910
Closing balance as of 30 September 2021	-	22.989	41.608	21.352	85.949
Opening balance as of 1 January 2020	4.992	14.824	41.608	-	61.424
Additions	3.807	-	-	21.352	25.159
Currency translation effect	-	5.523	-	-	5.523
Closing balance as of 30 September 2020	8.799	20.347	41.608	21.352	92.106

Translated into English from the report originally issued in Turkish.

TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2021

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

13. SHORT AND LONG-TERM BORROWINGS

The Company's bank loans are reclassified as long-term whose maturities passed 30 September 2022 according to their opening dates. Annual weighted average interest rate of the existing short-term loans is %4,22% for USD, 1,34% for EUR, 14,51% for TL and 4,50% for QAR (31 December 2020: 3,51% for USD, 1,10% for EUR and 10,87% 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 11,15% for TL (31 December 2020: USD None, EUR 2,65%, TL 11,25%).

Within the scope of TFRS 16 Leases standard implementation, lease liabilities of 30.458 and 30.599 in the aggregate 61.057 included in short-term and long-term borrowings respectively (31 December 2020: 31.255 short-term, 31.958 long-term in the aggregate 63.213).

14. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

	30 September 2021	31 December 2020
Short-term provisions	419.835	596.524
Long-term provisions	214.675	119.606
Total provisions	634.510	716.130
Employment termination benefits provision	201.175	170.019
Unused vacation pay liability provision	81.609	66.325
Premium provision	83.924	26.620
Total provisions attributable to employee benefits	366.708	262.964
Provision for litigation	26.606	14.651
Other liability provisions	241.196	438.515
Other provisions	267.802	453.166
Total provisions	634.510	716.130

	Employment Termination Benefits Provision	Unused Vacation Pay Liability Provision	Premium Provision	Total Provisions Attributable to Employee Benefits
Opening balance as of 1 January 2021	170.019	66.325	26.620	262.964
Currency translation effect	22.407	9.261	4.896	36.564
Charge for the period	58.069	30.062	81.689	169.820
Interest expense	2.608	-	-	2.608
Provision paid during the period	(41.164)	(22.576)	(16.328)	(80.068)
Provision released	(141)	(1.463)	(12.953)	(14.557)
Actuarial gain	(10.623)	-	-	(10.623)
Closing balance as of 30 September 2021	201.175	81.609	83.924	366.708
Opening balance as of 1 January 2020	117.115	52.218	63.704	233.037
Currency translation effect	23.794	10.782	7.979	42.555
Charge for the period	41.979	23.123	29.452	94.554
Interest expense	2.193	-	-	2.193
Provision paid during the period	(36.217)	(16.488)	(33.325)	(86.030)
Provision released	(14)	(1.075)	(46.179)	(47.268)
Actuarial gain	(458)	-	-	(458)
Closing balance as of 30 September 2020	148.392	68.560	21.631	238.583

Termination benefit pay calculated as of 30 September 2021 is subject to upper limit of 8.284,51 Turkish Lira (31 December 2020: 7.638,96 Turkish Lira).

TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2021

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

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

	Provision for Litigation	Other Liability Provisions	Total Other Provisions
Opening balance as of 1 January 2021	14.651	438.515	453.166
Currency translation effect	2.022	65.424	67.446
Charge for the period	11.432	7.131	18.563
Provision paid during the period	(492)	(32)	(524)
Provision released	(1.007)	(269.842)	(270.849)
Closing balance as of 30 September 2021	26.606	241.196	267.802
Opening balance as of 1 January 2020	13.382	183.334	196.716
Currency translation effect	1.485	53.452	54.937
Charge for the period	1.176	49.586	50.762
Provision paid during the period	(338)	-	(338)
Provision released	(522)	(78.385)	(78.907)
Closing balance as of 30 September 2020	15.183	207.987	223.170

Litigations:

As of 30 September 2021, lawsuit filed against the Group is totally 101.184 (31 December 2020: 112.844) and it has been decided to accrue 26.606 (31 December 2020: 14.651) of provision for lawsuits that might have high probability of potential outflow from the Group upon the consultation of legal advisors. Based on the legal advice of lawyers, there is no risk of outflow of resources for cases which no provision is made for.

Libya Arbitration Claim

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

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

In accordance with the decision of the Arbitral Tribunal, the parties continue their efforts to start conciliation negotiations for the remainder of the proceedings.

TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2021

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

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

Litigations (cont'd):

Libya Arbitration Claim (cont'd)

On 13 August 2020, a Memorandum of Understanding ("MoU") was signed between the Republic of Turkey and Libyan Government of National Accord for the settlement of arising issues of the signed contracts of Turkish companies with employer administrations in Libya. The MoU was approved by both governments on 24 September 2020. According to the MoU, it is foreseen that the contractors shall apply to the Administrations by letter within a period of 90 days and start negotiations for the future of the projects. In this context, letters regarding the issue were sent to the MMRA. However, no positive response has been received from the MMRA, the counterparty to the contract.

According to the MoU, it is necessary to discuss the terms of continuation or termination of work with the Administrations in the second 90 days. Termination was agreed with MMRA in principle and mutual meetings were tried to be held. However, it has not been possible to come together due to travel restrictions. MMRA has established a four-person commission to discuss termination conditions and Tekfen TML J.V.'s demands. The commission examines Tekfen TML J.V.'s additional demands regarding machine losses. As of the latest situation, the negotiations regarding the approval and signing of the results of the agreement studies on the final figure and payment terms for the mutual termination of the contract and the commencement of the liquidation process by the relevant Libyan authorities are in progress.

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

TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2021

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

15. COMMITMENTS

The guarantee, pledge and mortgage (“GPM”) position tables of the Group as of 30 September 2021 and 31 December 2020 are as follows:

		<i>Thousands</i>		<i>Other</i>
	Equivalent of	<i>of US</i>	<i>Thousands</i>	<i>(Equivalent of</i>
<u>30 September 2021</u>	<u>Thousands TL</u>	<u>Dollars</u>	<u>of EUR</u>	<u>Thousands TL)</u>
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	16.575.350	1.288.503	86.934	4.284.139
-Guarantee	16.570.850	1.288.503	86.934	4.279.639
-Pledge	-	-	-	-
-Mortgage	4.500	-	-	4.500
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 30 September 2021	16.586.104	1.288.503	86.934	4.294.893

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

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

Translated into English from the report originally issued in Turkish.

TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2021

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

16. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

Transactions with related parties are distinct and measurable. Transactions with related parties during the nine month interim period ended 30 September 2021 consist of sales of goods and services amounting 17.183 (30 September 2020: 19.533), purchases of goods and services 8.614 (30 September 2020: 9.567), dividend income amounting 8.752 (30 September 2020: 11.483) and other net expenses amounting 368 (30 September 2020: 993 other expense). The remuneration of key management during the period is 23.458 (30 September 2020: 17.577).

17. EQUITY

Capital / Capital Structure Adjustment

The capital structure as of 30 September 2021 and 31 December 2020 is as follows:

Shareholders	(%)	30 September 2021	(%)	31 December 2020
Berker family	22,55%	83.422	22,55%	83.422
Gökyiğit family	22,18%	82.060	22,18%	82.060
Akçağlılar family	6,65%	24.611	6,65%	24.611
Other (*)	0,78%	2.898	0,78%	2.898
Publicly traded	47,84%	177.009	47,84%	177.009
Paid in capital	100%	370.000	100%	370.000
Capital structure adjustment		3.475		3.475
Restated capital		<u>373.475</u>		<u>373.475</u>

(*)Indicates the total of shareholders with shares less than 5% of the capital.

18. EARNINGS PER SHARE

	1 January- 30 September 2021	1 July- 30 September 2021	1 January - 30 September 2020	1 July- 30 September 2020
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 (loss) for the period attributable to owners of the parent (Thousands TL)	1.192.533	463.185	130.661	(14.587)
Earnings (loss) per share from continuing operations (TL)	3,223	1,252	0,353	(0,039)

TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2021

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

19. OTHER OPERATING INCOME AND EXPENSES

	1 January- 30 September 2021	1 July- 30 September 2021	1 January - 30 September 2020	1 July- 30 September 2020
Other operating income				
Foreign exchange income from operations	271.820	114.076	383.797	78.967
Due date difference income	51.423	8.951	34.224	11.837
Discount income	11.718	6.484	13.391	6.694
Hedging income (Note: 21)	10.970	5.399	31.503	23.086
Rental income	6.382	4.307	2.560	851
Social security premium refund income	5.035	2.325	3.307	1.048
Government grants and incentives income	4.105	926	2.434	662
Scrap sales income	2.928	1.518	954	200
Indemnity income	2.367	1.476	1.806	1.345
Reversal of litigation provision (Note: 14)	1.007	673	522	45
Other income	21.375	2.067	27.502	14.859
	389.130	148.202	502.000	139.594

	1 January- 30 September 2021	1 July- 30 September 2021	1 January - 30 September 2020	1 July- 30 September 2020
Other operating expenses (-)				
Foreign exchange losses from operations	(533.607)	(160.832)	(652.026)	(205.182)
Discount expenses	(10.109)	(2.710)	(14.881)	(3.840)
Grants and contributions	(7.869)	(533)	(14.945)	(9.360)
Hedging expenses (Note: 21)	(7.186)	(6.465)	(16.324)	-
Written off VAT receivables	(4.203)	(132)	(1.166)	(1.166)
Litigation provision (Note: 14)	(2.485)	(1.781)	(1.176)	(194)
Penalty and damages expenses	(2.114)	(129)	(305)	(147)
Due date difference expenses	(199)	(32)	(7.446)	(7.295)
Damages subject to litigation	(102)	-	-	-
Other expenses	(12.601)	(4.171)	(17.266)	5.495
	(580.475)	(176.785)	(725.535)	(221.689)

20. FINANCIAL INCOME AND EXPENSES

	1 January- 30 September 2021	1 July- 30 September 2021	1 January - 30 September 2020	1 July- 30 September 2020
Financial income				
Foreign exchange gains	640.952	180.023	559.022	279.411
Interest income	105.152	39.102	52.514	17.145
Currency translation reserve gains	18.692	1.959	22.228	8.600
Other financial income	468	(3)	1.841	(3.351)
	765.264	221.081	635.605	301.805

	1 January- 30 September 2021	1 July- 30 September 2021	1 January - 30 September 2020	1 July- 30 September 2020
Financial expenses (-)				
Foreign exchange losses	(300.566)	(115.192)	(173.757)	(52.311)
Interest expenses	(108.973)	(36.831)	(74.466)	(28.760)
Swap expense accrual (Note: 21)	(9.814)	(9.814)	-	-
Currency translation reserve losses	(4.613)	(670)	(2.129)	(1.511)
Other financial expenses	(5.305)	(1.553)	(11.544)	(3.952)
	(429.271)	(164.060)	(261.896)	(86.534)

Translated into English from the report originally issued in Turkish.

TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2021

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

21. DERIVATIVE INSTRUMENTS

	30 September 2021		31 December 2020	
	Assets	Liabilities	Assets	Liabilities
Forward foreign exchange contracts	9.363	1.639	9.046	-
Swap transactions	-	10.727	-	-
Current	9.363	12.366	9.046	-
Non-current	-	-	-	-
	<u>9.363</u>	<u>12.366</u>	<u>9.046</u>	<u>-</u>

Currency derivatives:

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

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

	30 September 2021	31 December 2020
Forward foreign exchange contracts	545.703	178.022
	<u>545.703</u>	<u>178.022</u>

As of 30 September 2021, the fair value of the Toros Tarım’s currency derivatives is estimated to be 9.363 assets and 1.639 liabilities which is positive 7.724 (31 December 2020: assets 9.046, positive 9.046). These amounts are based on quoted market prices for equivalent instruments at the balance sheet date and fair value hierarchy classification of derivative instruments is Level 2 (31 December 2020: Level 2). There have been no changes in the purpose or use of derivative instruments.

The fair value of currency derivatives that are designated and effective as cash flow hedges amounting to positive 5.792 has been deferred in equity (31 December 2020: positive 7.236). There are no ineffective cash flow hedges for the period (30 September 2020: None). Gains amounting to 10.970 and expenses amounting to 7.186 concerning matured derivative contracts during the period have been recognized in profit or loss (30 September 2020: Gains amounting to 31.503 and expenses amounting to 16.324 concerning matured derivative contracts during the period have been recognized in profit or loss).

Swap transactions:

Tekfen İnşaat utilizes swap transactions to hedge significant future transactions and cash flows. As of 30 September 2021, the fair value of the Tekfen İnşaat’s swap transactions is estimated to be 10.727 liabilities which is negative 10.727 (31 December 2020: None). The fair value hierarchy classification of swap transactions is Level 2 (31 December 2020: None). As of 30 September 2021, in the amount of 9.814 expense related to swap transactions have been recognized in profit or loss. (30 September 2020: None).

TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2021

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

22. FOREIGN CURRENCY POSITION

30 September 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	394.457	9.558	3.347	25	275.115
2. Monetary Financial Assets	2.627.384	283.198	5.756	16	63.424
3. Other	162.883	260	1.430	-	145.835
4. CURRENT ASSETS	3.184.724	293.016	10.533	41	484.374
5. Trade Receivables	44.924	-	-	-	44.924
6. Monetary Financial Assets	4.749	-	-	-	4.749
7. Other	4.972	415	122	-	44
8. NON-CURRENT ASSETS	54.645	415	122	-	49.717
9. TOTAL ASSETS	3.239.369	293.431	10.655	41	534.091
10. Trade Payables	2.301.783	202.627	9.783	29	408.649
11. Financial Liabilities	327.131	3.000	4.469	-	254.510
12. Monetary Other Liabilities	465.639	760	4.093	-	416.705
12b. Non-Monetary Other Liabilities	67.222	7.367	201	-	-
13. CURRENT LIABILITIES	3.161.775	213.754	18.546	29	1.079.864
14. Trade Payables	19.226	84	6	-	18.421
15. Financial Liabilities	206.271	-	20.000	-	-
16. Monetary Other Liabilities	96.866	460	70	-	92.076
17. NON-CURRENT LIABILITIES	322.363	544	20.076	-	110.497
18. TOTAL LIABILITIES	3.484.138	214.298	38.622	29	1.190.361
19. Net Position of Off-balance Sheet Derivative Instruments (19a-19b)	518.438	58.625	-	-	-
19a. Derivative Assets	518.438	58.625	-	-	-
19b. Derivative Liabilities	-	-	-	-	-
20. Net Foreign Currency Assets / Liabilities Position	273.669	137.758	(27.967)	12	(656.270)
21. Monetary Items Net Foreign Currency Assets / Liabilities position (1+2+5+6-10-11-12-14-15-16)	(345.402)	85.825	(29.318)	12	(802.149)
22. Fair Value of Derivative Instruments Held for Hedging	7.724	873	-	-	-

Translated into English from the report originally issued in Turkish.

TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2021

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

22. FOREIGN CURRENCY POSITION (cont’d)

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

Translated into English from the report originally issued in Turkish.

TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2021

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

	30 September 2021	
	Profit / (Loss)	
	Appreciation of foreign currencies	Depreciation of foreign currencies
	If US Dollars changes 5% against TL	
US Dollars net assets / liabilities	60.912	(60.912)
	If Euro changes 5% against TL	
Euro net assets / liabilities	(14.422)	14.422
	If other foreign currencies changes 5% against TL	
Other foreign currency assets / liabilities	(32.807)	32.807
TOTAL	13.683	(13.683)
	31 December 2020	
	Profit / (Loss)	
	Appreciation of foreign currencies	Depreciation of foreign currencies
	If US Dollars change 5% against TL	
US Dollars net assets / liabilities	47.467	(47.467)
	If Euro changes 5% against TL	
Euro net assets / liabilities	(15.507)	15.507
	If other foreign currencies change 5% against TL	
Other foreign currency net assets / liabilities	1.674	(1.674)
TOTAL	33.634	(33.634)

TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2021

(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.

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

	30 September 2021	Fair value level as of reporting date		
		Level 1	Level 2	Level 3
Financial instruments				
Fair value through other comprehensive income financial investments	1.224.315	145.236	-	1.079.079
Fair value through profit or loss financial investments	541.640	80.031	-	461.609
Derivative instruments	(3.003)	-	(3.003)	-
Total	1.762.952	225.267	(3.003)	1.540.688
	31 December 2020	Fair value level as of reporting date		
		Level 1	Level 2	Level 3
Fair value through other comprehensive income financial investments	1.165.172	255.256	-	909.916
Fair value through profit or loss financial investments	249.748	-	-	249.748
Derivative instruments	9.046	-	9.046	-
Total	1.423.966	255.256	9.046	1.159.664

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

	Fair value through profit or loss financial investments		Fair value through other comprehensive income financial investments		Total
	Level 1	Level 3	Level 1	Level 3	
Opening balance as at 1 January 2021	-	249.748	255.256	909.916	1.414.920
Transfers	24.598	(24.598)	-	-	-
Additions	-	124.681	-	-	124.681
Fair value increase (decrease)	46.109	202.263	(110.020)	5.448	143.800
Disposals	-	(155.389)	-	-	(155.389)
Currency translation effect	9.324	64.904	-	163.715	237.943
Closing balance as at 30 September 2021	80.031	461.609	145.236	1.079.079	1.765.955

Translated into English from the report originally issued in Turkish.

TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2021

(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 2020	-	162.906	97.451	133.511	393.868
Additions	-	32.794	-	780.800	813.594
Fair value increase	-	19.464	241.767	-	261.231
Transfer to subsidiaries	-	-	-	(2.314)	(2.314)
Currency translation effect	-	54.394	-	16.498	70.892
Closing balance as at 30 September 2020	-	269.558	339.218	928.495	1.537.271

As of 30 September 2021, the Group management has reviewed the valuation of financial investments with significant amounts, whose fair value level is determined to be Level 3, and as of the reporting date, there has been no change identified that would require any adjustment in the fair value measurement. The following methods have been used in the latest valuation studies to determine the fair value of the Group's financial investments, whose significant fair value level is determined to be Level 3:

Non-traded fair value through other comprehensive income financial investments

Toren Doğalgaz Depolama ve Madencilik A.Ş.

<i>Valuation Method</i>	<i>30 September 2021 Fair Value</i>	<i>Unobservable Inputs</i>	<i>Relation Between Unobservable Inputs and Fair Value Measurement</i>
Income Approach, Discounted Cash Flow	36.968	Weighted average cost of capital ratio: 14,4%	If the weighted average cost of capital ratio is increased to 15,4%, the estimated fair value decreases by 5.387; If it is decreased to 13,4%, the estimated fair value increases by 6.513.

Gaz Depo ve Madencilik A.Ş.

<i>Valuation Method</i>	<i>30 September 2021 Fair Value</i>	<i>Unobservable Inputs</i>	<i>Relation Between Unobservable Inputs and Fair Value Measurement</i>
Income Approach, Discounted Cash Flow	17.268	Weighted average cost of capital ratio: 14,4%	If the weighted average cost of capital ratio is increased to 15,4%, the estimated fair value decreases by 2.693; If it is decreased to 13,4%, the estimated fair value increases by 3.171.

TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTH INTERIM PERIOD ENDED 30 SEPTEMBER 2021

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

23. FINANCIAL INSTRUMENTS (cont'd)

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

SOCAR Polymer Investments LLC

<i>Valuation Method</i>	<i>30 September 2021 Fair Value</i>	<i>Unobservable Inputs</i>	<i>Relation Between Unobservable Inputs and Fair Value Measurement</i>
Income Approach, Discounted Cash Flow	920.572	Weighted average cost of capital ratio: 10,2%	If the weighted average cost of capital ratio is increased to 10,3%, the estimated fair value decreases by 15.918; If it is decreased to 10,1%, the estimated fair value increases by 16.802.

Non-traded fair value through profit or loss financial investments

<i>Valuation Method</i>	<i>30 September 2021 Fair Value</i>	<i>Unobservable Inputs</i>	<i>Relation Between Unobservable Inputs and Fair Value Measurement</i>
Those whose cost value approaches their fair value	117.166	Valuation multiplier : 1,00	If the average valuation multiplier is increased by 10%, the estimated fair value increases by 46.161, in case of a 10% decrease, the estimated fair value decreases by 46.161.
Those whose fair value is determined using the equivalent value method	344.443	Valuation multiplier : 1,07 - 1,72	

24. SUBSEQUENT EVENTS

After the balance sheet date, there is negative change of 10.057 in the fair value of one of the Group's fair value through profit or loss financial investment.

Two of the investment properties in the Group's assets were sold after the balance sheet date. Since the sale is realized after the balance sheet date, the sales profit of approximately 30.000 is not included in the condensed consolidated financial statements as of 30 September 2021.

After the balance sheet date, the Group has made donation payment of 5.200.

Due to the fluctuations in exchange rates after the balance sheet date, the foreign currency sensitivity analysis, calculated as of September 30, 2021, and disclosed in Note 22, has been recalculated using the exchange rates realized as of the report date for the foreign currency holding as of September 30, 2021. As a result of the recalculation, it has been determined if the foreign currency appreciates by 5%, 16.212 profit, if the foreign currency depreciates by 5% (16.212) loss effect will occur.