

**TEKFEN HOLDİNG ANONİM ŐİRKETİ
AND ITS SUBSIDIARIES**

CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE THREE MONTH
INTERIM PERIOD
ENDED 31 MARCH 2022

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

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TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2022

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

ASSETS	Notes	Unreviewed 31 March 2022	Audited 31 December 2021
Current Assets		18.580.004	15.407.337
Cash and cash equivalents	7	3.244.979	5.064.108
Financial investments	4	1.992.503	51.845
Trade receivables	8	4.536.630	2.814.220
- Related party receivables		57.478	50.462
- Trade receivables		4.479.152	2.763.758
Other receivables		125.206	101.659
- Related party receivables		11.663	-
- Other receivables		113.543	101.659
Contract assets arising from ongoing construction works	9	1.632.591	1.863.471
Derivative instruments	21	204.995	249.886
Inventories	10	5.211.561	3.952.236
Prepaid expenses		542.871	349.216
- Prepaid expenses		542.871	349.216
Assets related to current tax		515.621	434.363
Other current assets		517.859	476.648
- Other current assets		517.859	476.648
		<u>18.524.816</u>	<u>15.357.652</u>
Assets classified as held for sale		55.188	49.685
Non-Current Assets		7.216.657	6.506.236
Financial investments		2.231.707	1.866.285
Trade receivables	8	236.895	184.737
- Trade receivables		236.895	184.737
Other receivables		15.355	14.025
- Other receivables		15.355	14.025
Investments valued by equity method	11	142.946	95.625
Investment property	12	179.710	168.024
Property, plant and equipment	12	3.694.733	3.441.525
Right-of-use assets	12	57.674	62.194
Intangible assets	12	155.486	150.699
- Goodwill		99.312	95.687
- Other intangible assets		56.174	55.012
Prepaid expenses		55.801	52.255
- Prepaid expenses		55.801	52.255
Deferred tax assets		404.931	436.525
Other non-current assets		41.419	34.342
- Other non-current assets		41.419	34.342
TOTAL ASSETS		<u>25.796.661</u>	<u>21.913.573</u>

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

Translated into English from the report originally issued in Turkish.

TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2022

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

LIABILITIES	Notes	Unreviewed 31 March 2022	Audited 31 December 2021
Current Liabilities		16.839.474	13.073.283
Short-term borrowings	13	4.247.961	3.088.485
Short-term portion of long-term borrowings		128.120	88.282
Trade payables	8	7.909.463	6.832.598
- Related party payables		4.009	10.174
- Trade payables		7.905.454	6.822.424
Payables related to employee benefits		148.103	126.891
Other payables	5	479.316	117.262
- Related party payables		137.084	-
- Other payables		342.232	117.262
Contract liabilities arising from ongoing construction works	9	890.399	457.701
Derivative instruments	21	286.666	198.465
Deferred revenue		1.450.823	880.956
- Deferred revenue		1.450.823	880.956
Current tax liability		436.547	499.325
Short-term provisions	14	855.085	777.228
- Short-term provisions attributable to employee benefits		245.925	260.389
- Other short-term provisions		609.160	516.839
Other short-term liabilities		6.991	6.090
- Other short-term liabilities		6.991	6.090
Non-Current Liabilities		1.223.564	1.114.830
Long-term borrowings	13	314.481	324.786
Trade payables	8	273.299	218.075
- Trade payables		273.299	218.075
Other payables		91.378	86.305
- Other payables		91.378	86.305
Deferred revenue		231	231
- Deferred revenue		231	231
Long-term provisions	14	298.854	288.417
- Long-term provisions attributable to employee benefits		298.786	288.362
- Other long-term provisions		68	55
Deferred tax liabilities		245.321	197.016
TOTAL LIABILITIES		18.063.038	14.188.113
EQUITY		7.733.623	7.725.460
Equity Attributable To Owners Of The Parent	5, 17	7.593.810	7.595.637
Paid in capital		370.000	370.000
Capital structure adjustment		3.475	3.475
Premiums in capital stock		300.984	300.984
Accumulated other comprehensive income (loss) that will not be reclassified to profit or loss		(381.329)	(359.392)
- Loss on investments in equity instruments (-)		(385.365)	(362.986)
- Gain on revaluation and remeasurement		4.036	3.594
Accumulated other comprehensive income that will be reclassified to profit or loss		2.963.202	2.770.245
- Currency translation reserve		2.819.054	2.577.869
- Hedging reserve		144.148	192.376
Legal reserves		560.834	397.716
Prior years' income		3.671.209	3.273.381
Net profit for the period		105.435	839.228
Non-controlling Interests		139.813	129.823
TOTAL LIABILITIES AND EQUITY		25.796.661	21.913.573

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

Translated into English from the report originally issued in Turkish.

TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2022**

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

	Notes	Unreviewed 1 January- 31 March 2022	Unreviewed 1 January - 31 March 2021
Revenue	6	5.295.826	3.790.591
Cost of revenue (-)		(4.995.101)	(3.140.239)
GROSS PROFIT		300.725	650.352
General administrative expenses (-)		(184.756)	(120.513)
Marketing expenses (-)		(140.222)	(91.062)
Research and development expenses (-)		(5.379)	(6.394)
Other operating income	19	602.164	135.428
Other operating expenses (-)	19	(785.419)	(255.789)
Share on profit (loss) of investments valued by equity method	11	35.041	(5.441)
OPERATING PROFIT (LOSS)		(177.846)	306.581
Investment income	4	190.244	678
Investment expense (-)		(48.993)	(17)
PROFIT (LOSS) BEFORE FINANCIAL INCOME (EXPENSE)		(36.595)	307.242
Financial income	20	730.608	364.270
Financial expenses (-)	20	(527.837)	(145.163)
PROFIT FROM CONTINUING OPERATIONS BEFORE TAXATION		166.176	526.349
Tax Expense from Continuing Operations (-)		(67.125)	(116.971)
Tax (expense) income for the period	4	19.023	(115.096)
Deferred tax expense (-)		(86.148)	(1.875)
PROFIT FROM CONTINUING OPERATIONS FOR THE PERIOD		99.051	409.378
Distribution of Profit for the Period			
Non-controlling interests		(6.384)	(2.783)
Owners of the parent	18	105.435	412.161
Earnings Per Share	18	0,285	1,114

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TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2022

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

	Unreviewed 1 January- 31 March 2022	Unreviewed 1 January - 31 March 2021
PROFIT FOR THE PERIOD	99.051	409.378
OTHER COMPREHENSIVE INCOME:		
<u>Items that will not be reclassified to profit or loss</u>	(21.937)	(31.185)
Loss on investments in equity instruments (-)	(20.092)	(41.626)
Gain on revaluation of defined benefit plans	553	9.994
Taxes based on other comprehensive income that will not be reclassified to profit or loss	(2.398)	447
- <i>Deferred tax (expense) income</i>	(2.398)	447
<u>Items that will be reclassified to profit or loss</u>	209.331	312.891
Currency translation reserve differences	257.559	308.371
Other comprehensive income (expense) related to cash flow hedging	(62.634)	5.650
Taxes based on other comprehensive income that will be reclassified to profit or loss	14.406	(1.130)
- <i>Deferred tax (expense) income</i>	14.406	(1.130)
OTHER COMPREHENSIVE INCOME	187.394	281.706
TOTAL COMPREHENSIVE INCOME	286.445	691.084
Distribution of Total Comprehensive Income for The Period		
Non-controlling interests	9.990	4.733
Owners of the parent	276.455	686.351

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TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2022

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

				Items not to be reclassified to profit or loss		Items to be reclassified to profit or loss	Retained Earnings						
	Paid in capital	Capital structure adjustment	Premiums in capital stock	Gain (loss) on investments in equity instruments	Gain on revaluation and remeasurement	Currency translation reserve	Gains (loss) on hedging	Legal reserves	Prior years' income	Net profit for the (loss) period	Equity attributable to owners of the parent	Non- controlling interests	Equity
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	-	-	-	-	-	-	-	14.083	(74.208)	60.125	-	-	-
Total comprehensive income (loss)	-	-	-	(39.180)	7.995	300.855	4.520	-	-	412.161	686.351	4.733	691.084
- Profit (loss) for the period	-	-	-	-	-	-	-	-	-	412.161	412.161	(2.783)	409.378
- Other comprehensive income (expense)	-	-	-	(39.180)	7.995	300.855	4.520	-	-	-	274.190	7.516	281.706
Other changes	-	-	-	-	-	-	-	-	6.876	-	6.876	-	6.876
Closing balance as of 31 March 2021	370.000	3.475	300.984	253.336	8.008	1.356.802	11.756	396.810	3.310.034	412.161	6.423.366	85.494	6.508.860
Unreviewed													
Opening balance as of 1 January 2022	370.000	3.475	300.984	(362.986)	3.594	2.577.869	192.376	397.716	3.273.381	839.228	7.595.637	129.823	7.725.460
Transfers	-	-	-	-	-	-	-	163.118	676.110	(839.228)	-	-	-
Total comprehensive income (loss)	-	-	-	(22.379)	442	241.185	(48.228)	-	-	105.435	276.455	9.990	286.445
- Profit (loss) for the period	-	-	-	-	-	-	-	-	-	105.435	105.435	(6.384)	99.051
- Other comprehensive income (expense)	-	-	-	(22.379)	442	241.185	(48.228)	-	-	-	171.020	16.374	187.394
Dividends	-	-	-	-	-	-	-	-	(274.164)	-	(274.164)	-	(274.164)
Other changes	-	-	-	-	-	-	-	-	(4.118)	-	(4.118)	-	(4.118)
Closing balance as of 31 March 2022	370.000	3.475	300.984	(385.365)	4.036	2.819.054	144.148	560.834	3.671.209	105.435	7.593.810	139.813	7.733.623

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TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2022

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

Notes	Unreviewed 1 January - 31 March 2022	Unreviewed 1 January - 31 March 2021
A. CASH FLOWS FROM OPERATING ACTIVITIES	(2.686.028)	133.489
Profit for the Period	99.051	409.378
Adjustments to Reconcile Net Profit	90.010	143.439
- Depreciation and Amortization	12 121.515	89.186
- Impairment/Reversed Provision	10 (7.023)	7.346
- Provision Adjustments	8, 14 42.987	(86.127)
- Dividend Income and Expenses	(11.663)	(41)
- Interest Income and Expense Adjustments	20 41.698	11.283
- Gain/Loss on Fair Valuation	4,23 (126.352)	-
- Group's Share on Profit of Investments in Associates Accounted by Equity Method	11 (35.041)	5.441
- Allowance for Taxation	67.125	116.971
- Adjustments for Gain/Loss on Sale of Fixed Assets	12 (3.236)	(620)
Movements in Working Capital	(2.695.157)	(322.875)
- Changes in Financial Investments	4 (1.882.833)	6.650
- Changes in Trade Receivables	8 (1.791.375)	(218.513)
- Changes in Other Assets	(61.502)	(55.218)
- Changes in Contract Assets Arising from Ongoing Construction Works	9 230.880	(716.300)
- Changes in Inventories	10 (1.243.799)	(106.030)
- Changes in Prepaid Expenses	(192.250)	(103.011)
- Changes in Trade Payables	8 1.132.089	784.989
- Changes in Payables Related to Employee Benefits	21.212	26.573
- Changes in Contract Liabilities Arising from Ongoing Construction Works	9 432.698	13.305
- Changes in Other Liabilities	89.856	36.065
- Changes in Deferred Revenue	569.867	8.615
Cash Generated by Operating Activities	(2.506.096)	229.942
Interest Paid	(22.066)	(24.274)
Interest Received	29.282	30.753
Payments Related to Employee Benefits	14 (61.936)	(25.825)
Other Provision Paid	14 (199)	(70)
Tax Paid/Return	(125.013)	(77.037)
B. CASH FLOWS FROM INVESTING ACTIVITIES	(205.414)	(152.980)
Cash Outflows for Payments due to Share Acquisition or Capital Increase of Associates or Joint Ventures	11 -	(100)
Cash Outflows for Acquisition of Shares in Other Entities or Shares in Funds or Borrowing Instruments	4,23 (35.582)	(37.467)
Proceeds from Sales of Tangible and Intangible Assets	12 4.592	2.304
Acquisition of Tangible and Intangible Assets	12 (170.873)	(99.910)
Proceeds from Sales of Investment Properties	12 1.400	-
Advances and Debts Given	(4.951)	(19.774)
Dividend Received	-	1.967
C. CASH FLOWS FROM FINANCING ACTIVITIES	829.440	(65.334)
Proceeds from Borrowings	1.219.679	195.861
Repayments of Borrowings	(374.668)	(179.804)
Payments of Lease Obligations	(15.571)	(10.309)
Dividend Paid	-	(71.082)
CHANGE IN CASH AND CASH EQUIVALENTS BEFORE CURRENCY TRANSLATION RESERVE EFFECT	(2.062.002)	(84.825)
D. CURRENCY TRANSLATION RESERVE EFFECT ON CASH AND CASH EQUIVALENTS	242.873	238.920
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C+D)	(1.819.129)	154.095
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	5.064.108	3.259.116
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)	3.244.979	3.413.211

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TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2022

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

1. ORGANIZATION AND OPERATIONS OF THE GROUP

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

As of 31 March 2022, the Group has 14.764 employees (31 December 2021: 16.543) including the personnel of subcontractors. Registered address of the Company is Kültür Mahallesi, Budak Sokak, Tekfen Sitesi A Blok, No: 7, Beşiktaş, İstanbul, Türkiye.

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

Approval of condensed consolidated financial statements:

The condensed consolidated financial statements are approved and published by the Board of Directors as of 28 April 2022.

2. BASIS OF PRESENTATION OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

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

The condensed consolidated financial statements and notes are presented in accordance with the formats of Examples of Financial Statements and Usage Guide announced by CMB and “Announcement regarding to TFRS Taxonomy” which was published by POA on 15 April 2019.

The Group has preferred to disclose its interim consolidated financial statements as of 31 March 2022 in condensed format in accordance with TAS 34 “Interim Financial Reporting” standard. The descriptions and disclosures which are needed in the financial statements prepared annually complying with TFRS are summarized appropriately in accordance with TAS 34 or not mentioned.

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

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

Exchange rates used in the consolidation process as of 31 March 2022 are; 1 USD= 14,6458 TL, 1 EUR= 16,3086 TL, 1 AZN= 8,6152 TL, 1 SAR= 3,9055 TL, 1 QAR= 4,0125 TL, 1 RON= 3,2777 (Exchange rates as of 31 December 2021 are; 1 USD= 12,9775 TRY, 1 EUR= 14,6823 TRY, 1 AZN= 7,6338 TRY, 1 SAR= 3,4607 TRY, 1 QAR= 3,5555 TRY, 1 RON= 2,9498).

TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2022

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

3. ADOPTION OF NEW AND REVISED STANDARDS

New and revised standards and interpretations are presented below:

- (a) **Amendments in standards affecting the notes and amounts in the condensed consolidated financial statements:**
- Annual Improvements to TFRS 2018-2020 Cycle (TFRS 1, TFRS 9, TAS 41), effective for annual periods beginning after 1 January 2022.
 - TFRS 3 (amendments), “Reference to the Conceptual Framework”, effective for annual periods beginning after 1 January 2022.
 - TAS 16 (amendments), “Property, Plant and Equipment - Proceeds before Intended Use”, effective for annual periods beginning after 1 January 2022.
 - TAS 37 (amendments), “Onerous Contracts - Cost of Fulfilling a Contract”, effective for annual periods beginning after 1 January 2022.
- (b) **Standards, amendments and interpretations to existing standards that are effective as of the year 2022, but not affecting the condensed consolidated financial statements of the Group:**
- None.
- (c) **Standards and interpretations and amendments to existing standards that are issued but not yet effective and have not been early adopted by the Group:**
- TFRS 17 and TFRS 4 (amendments), postponement of the application of TFRS 9; effective for annual periods beginning after 1 January 2023.
 - TFRS 17 “Insurance Contracts”, effective for annual periods beginning after 1 January 2023.
 - TAS 1 (amendments), “Classification of Liabilities”, effective for annual periods beginning after 1 January 2024.
 - TAS 12 (amendments), “Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction”, effective for annual periods beginning after 1 January 2023.
 - TAS 8 (amendments), “Definition of Accounting Estimates”, effective for annual periods beginning after 1 January 2023.
 - TAS 1 (amendments), “Disclosure of Accounting Policies”, effective for annual periods beginning after 1 January 2023.

The Group evaluates the effects of the standards issued but not yet effective as of 31 March 2022 on its consolidated financial position and performance.

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

COVID-19 Pandemic

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

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2022

(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 serious disruptions in the countries where the Engineering and Contracting segment operates.

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

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

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

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

Current information about related projects is as follows;

Kazakhstan - Kuyubaşı Pressure Management Project:

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

The Addendum, which was prepared to cover the effects of the pandemic on the costs and duration of the project, was signed mutually and the relevant incomes were included in the attached consolidated financial statements. The expected current end-of-project income of the project is 12.858.251 (877.947.987 USD) and the financial completion rate of the project is 69,5% 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 2.722.116 (678.400.899 QAR) and the financial completion rate of the project is 93,5% 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 1.693.982 (422.171.087 QAR) will occur in the end-of-project cost and Group share of this increase has been included in the consolidated financial statements. Since an agreement could not be reached with the employer administration regarding the compensation of these additional costs, an application was made to the Claim Compensation Committee of the Ministry of Finance, which was established in accordance with the laws of Qatar, to resolve the dispute. Since an agreement could not be reached on the compensation request made to mentioned committee, no income was recognized in the consolidated financial statements as of reporting date.

Qatar - Al Khor Highway Project:

Pursuant to the contract signed between Tekfen İnşaat and Qatar 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 37.050.923 (9.233.764.551 QAR) and the financial completion rate of the project is 97,8% as of the balance sheet date.

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

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

Construction Projects (cont'd)

Saudi Arabia - 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 4.347.640 (1.113.196.279 SAR) and the financial completion rate of the project is 96,8% 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 Programme - Satellite Gas Compressor Stations Pipeline Construction Project was undertaken. The expected current end-of-project income of the project is 9.177.237 (2.349.795.773 SAR) and the financial completion rate of the project is 88,3% as of the balance sheet date.

Due to delays in materials supplied by the employer and time extensions originating from the employer, negative situations occur in the project. As of the report date, due to an increase in the estimated costs of the project, a total loss of 2.176.235 (557.216.539 SAR) is expected at the end of the project, and all of the expected loss has been recognized in the attached condensed consolidated financial statements. Due to the additional works performed, additional cost increases and time extensions, the negotiations for additional income demand continue within the scope of the contract signed with the Employer Administration.

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

Rusfen, one of the subsidiaries of the Group, signed a contract with Kharampurneftegaz LLC on 27 December 2019, for the construction and installation of 90 km length 48 "gas pipeline. The expected current end-of-project income of the project is 3.031.685 (17.499.804.855 Russian Rubles) and the financial completion rate of the project is 86,6% 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. Although the Group has reduced the end-of-project costs as a result of getting better knowledge of the region and the conditions, the measures taken to reduce costs in the previous period and the developed business methods, there has not been positive progress as of the reporting date towards the compensation of the Group's claims despite intensive negotiations with the Employer administration in 2021. As of the reporting date, with additional 504.724 provisions set aside in 2021, a total of 1.324.736 (7.646.776.151 Russian Rubles) (2021: 820.011) loss is expected to occur at the end of the project, as the estimated costs of the project have increased, and the entire expected loss has been included in the consolidated financial statements. Negotiations with the employer administration for the compensation of all of these losses are in progress.

Financial Investments

During the three month interim period ended 31 March 2022, the positive change of 5.068 and negative change of 47.412 in the fair value of the Group's fair value through profit or loss financial investments has been recognized in the investment income and expenses lines of condensed consolidated statement of profit or loss (31 December 2021: 279.247 positive, 9.219 negative).

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

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

Financial Investments (cont'd)

With the Law No. 7352 Amending the Tax Procedure Law and the Corporate Tax Law, published in the Official Gazette dated 29 January 2022 and numbered 31734, temporary article 14 was added to the Corporate Tax Law No. 5520. In accordance with the relevant article, taxpayers who have converted their foreign currencies and gold accounts in their balance sheets dated 31 December 2021 into Turkish Lira and whose Turkish Lira assets thus obtained are evaluated in Turkish Lira deposit and participation accounts with a maturity of at least three months ("KKM accounts") opened, within the scope of the principles specified in the regulation, corporate tax exemption has been introduced for the foreign exchange gains, interest and dividends to be obtained at the end of the maturity period, and other earnings in the period corresponding to the period between 1 October - 31 December 2021. The Group has benefited from the corporate tax exemption for the part of the foreign exchange gains arising from the 2021 year-end valuation of KKM accounts for the period of 1 October - 31 December 2021, and the consistent effect of the exception amounting 119.291 has been deducted from tax expense in the condensed consolidated statement of profit or loss for the three-month interim period ended 31 March 2022. The Group also benefited from the corporate tax exemption for the foreign exchange gains corresponding to the period between 1 January 2022 and the opening dates of the KKM accounts, as well as the interest and foreign exchange gains for the period between the account opening dates and the balance sheet date. Effect of the exception amounting 43.220 has been deducted from tax expense in the condensed consolidated statement of profit or loss for the three-month interim period ended 31 March 2022. KKM accounts are classified as financial investments at fair value through profit or loss in the condensed consolidated financial statements for the three-month interim period ended 31 March 2022. The positive change of 168.701 in the fair value of KKM accounts has been recognized in the investment income line of condensed consolidated statement of profit or loss.

Other

Tekfen Construction signed a contract with Chiyoda Technip Ordinary Partnership for the Common Offsites 2 general works of the North Field East Onshore project EPC-1 package in Qatar. The contract value of the project is approximately 5.688.429 (388.400.000 USD).

With the article 11 of the Law No. 7316 on the Procedure for the Collection of Public Claims and Amending Certain Laws, published in the Official Gazette No. 31462 dated 22 April 2021, provisional 13th article added to the Corporate Tax Law No. 5520, corporate tax rate will be applied as 23% for the corporate earnings for the 2021 taxation period and 23% for the corporate earnings for the 2022 taxation period. In the consolidated financial statements as of 31 March 2022, 23% has been used as the tax rate in the period tax calculations. In the deferred tax calculations, the rates have been determined depending on the period in which the taxable/deductible temporary differences are expected to be realized.

5. SIGNIFICANT CHANGES IN EQUITY

Gain (Loss) on Investments in Equity Instruments:

The negative change of 22.379 in the fair values of the fair value through other comprehensive income financial investments of the Group has been directly recognized in equity (31 March 2021: negative change of 39.180).

Legal Reserves:

In accordance with the resolutions taken during the Ordinary General Assemblies of Group companies as of 31 March 2022, 163.118 of legal reserves were transferred from retained earnings in the condensed consolidated financial statements as of 31 March 2022 (31 March 2021: 14.083).

Hedging Reserve:

The negatif change of 48.228 (31 March 2021: positive 4.520) in the fair values of the effective derivative instruments which the Group uses for cash flow hedging has been recognized in equity.

Profit Distribution:

Upon the resolution of the Ordinary General Assembly held on 24 March 2022, it is decided to distribute 0,69 TL a gross cash dividend per share to the shareholders. On 26 April 2022, a total of 274.164 dividends distributed, of which 256.688 to shareholders and 17.476 to Tekfen Eğitim Sağlık Kültür Sanat ve Doğal Varlıkları Koruma Vakfı, which owns usufruct shares. In the condensed consolidated financial statements held 31 March 2022, 137.084 of the total profit share distributed on 26 April 2022, amounting to 274.164, was accounted for under other payables to related parties and 137.080 under other payables to non-related parties accounts. (Due to the fact that there is no profit for the period that will be subject to dividend distribution regarding the activities of 2020 and loss has been disclosed, no profit distribution has been made regarding the activities of the year 2020).

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6. SEGMENT REPORTING

a) Segment results:

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

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

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6. SEGMENT REPORTING (cont’d)

a) Segment results (cont’d):

	1 January - 31 March 2021					
	Engineering & Contracting	Chemical Industry	Agricultural Production	Service	Investment	Total
Revenue	2.094.993	1.560.693	5.258	118.176	11.471	3.790.591
Cost of revenue (-)	(1.960.715)	(1.085.985)	(14.433)	(74.979)	(4.127)	(3.140.239)
GROSS PROFIT (LOSS)	134.278	474.708	(9.175)	43.197	7.344	650.352
General administrative expenses (-)	(72.406)	(17.998)	(2.299)	(5.354)	(22.456)	(120.513)
Marketing expenses (-)	(2.406)	(82.903)	(4.021)	(1.732)	-	(91.062)
Research and development expenses (-)	(1.301)	(3.193)	(1.900)	-	-	(6.394)
Other operating income	66.061	52.011	2.019	10.837	4.500	135.428
Other operating expenses (-)	(84.287)	(158.276)	(1.809)	(7.502)	(3.915)	(255.789)
Share on profit (loss) of investments valued by equity method	(6.197)	-	761	-	(5)	(5.441)
OPERATING PROFIT (LOSS)	33.742	264.349	(16.424)	39.446	(14.532)	306.581
Investment income	599	10	-	-	69	678
Investment expense (-)	-	-	-	-	(17)	(17)
PROFIT (LOSS) BEFORE FINANCIAL INCOME (EXPENSES)	34.341	264.359	(16.424)	39.446	(14.480)	307.242
Financial income	18.151	145.362	1.972	4.367	194.418	364.270
Financial expenses (-)	(15.204)	(43.299)	(16.278)	(2.138)	(68.244)	(145.163)
PROFIT (LOSS) FROM CONTINUING OPERATIONS BEFORE TAXATION	37.288	366.422	(30.730)	41.675	111.694	526.349
Tax (expense) income from continuing operations	(25.622)	(56.066)	406	(9.649)	(26.040)	(116.971)
PROFIT (LOSS) FROM CONTINUING OPERATIONS FOR THE PERIOD	11.666	310.356	(30.324)	32.026	85.654	409.378

For the three month interim period ended 31 March 2021, revenue amounting revenues amounting 467.664 and 427.524 were obtained from two non-related client of Engineering and Contracting segment which constitute %12,3 and 11,3% of the Group’s revenue respectively.

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6. SEGMENT REPORTING (cont’d)

b) Segment assets and liabilities:

	31 March 2022					
Balance sheet	Engineering & Contracting	Chemical Industry	Agricultural Production	Service	Investment	Total
Total assets	10.632.122	9.192.217	354.169	449.854	5.168.299	25.796.661
Current and non-current liabilities	11.413.025	5.431.735	321.592	240.992	655.694	18.063.038
Equity attributable to owners of the parent	(2.284.900)	4.552.768	(217.194)	424.428	5.118.708	7.593.810
Non-controlling interests	20.683	(8.959)	-	61	128.028	139.813

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

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6. SEGMENT REPORTING (cont’d)

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

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

	1 January - 31 March 2021					
	Engineering & Contracting	Chemical Industry	Agricultural Production	Service	Investment	Total
Capital expenditures	70.656	23.789	1.990	3.269	206	99.910
Depreciation and amortization expense for the period (*)	56.839	20.023	5.235	3.402	3.687	89.186
Intra-segment revenue	116.607	22.161	672	57	2.321	141.818
Inter-segment revenue	103	238	-	4.136	5.346	9.823

(*) Depreciation expense of 8.502 is added to the cost of inventory (31 March 2021: 484 added to the cost of inventory).

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6. SEGMENT REPORTING (cont’d)

d) Geographical segment information is as follows:

	Turkey	CIS	Middle Eastern Countries	Other	Eliminations	Total
Revenue (1 January - 31 March 2022)	3.653.630	1.285.289	324.476	117.097	(84.666)	5.295.826
Total Assets (31 March 2022)	30.959.215	10.098.478	6.268.138	4.158.285	(25.687.455)	25.796.661
Capital Expenditures (1 January - 31 March 2022)	157.143	13.453	153	124	-	170.873

	Turkey	CIS	Middle Eastern Countries	Other	Eliminations	Total
Revenue (1 January - 31 March 2021)	1.972.252	901.697	990.473	77.810	(151.641)	3.790.591
Total Assets (31 December 2021)	25.570.999	8.859.817	5.641.229	3.635.527	(21.793.999)	21.913.573
Capital Expenditures (1 January - 31 March 2021)	39.072	59.715	917	206	-	99.910

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7. CASH AND CASH EQUIVALENTS

Time deposits with maturity of three months or less constitute the part of the cash and cash equivalents amounting to 1.844.178 (31 December 2021: 4.104.613). Demand deposits and other cash equivalents with maturity of three months or less constitute the rest of the cash and cash equivalents.

8. TRADE RECEIVABLES AND PAYABLES

a) Trade Receivables:

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

	31 March 2022	31 December 2021
<u>Short-term trade receivables</u>		
Receivables from Contracting & Engineering segment operations	2.614.107	1.602.398
Receivables from Chemical Industry segment operations	951.406	445.425
Receivables from Agricultural Production segment operations	41.390	45.141
Receivables from Service segment operations	85.386	15.637
Receivables from Investment segment operations	7.048	3.649
Provision for doubtful receivables (-)	(174.238)	(157.370)
Retention receivables (Note: 9)	906.179	783.259
Due from related parties	57.478	50.462
Other	47.874	25.619
	<u>4.536.630</u>	<u>2.814.220</u>
<u>Long-term trade receivables</u>		
Retention receivables (Note: 9)	236.895	184.737
	<u>236.895</u>	<u>184.737</u>

Postdated cheques amounting to 480.071 (31 December 2021: 299.645), notes receivables amounting to 23.312 (31 December 2021: 25.769), positive foreign currency differences amounting to 6.715 (31 December 2021: positive 28.703), are included in short and long-term trade receivables.

Average maturity date for trade receivables varies between the segments. Average maturity date for Engineering and Contracting segment, for projects in abroad is 116 days (31 December 2021: 89 days), for domestic projects is 62 days (31 December 2021: 75 days), for Chemical Industry segment is 38 days (31 December 2021: 36 days), for Agricultural Production segment is 89 days (31 December 2021: 88 days), for Service segment is 16 days (31 December 2021: 17 days), and for Investment segment is 30 days (31 December 2021: 30 days).

As of 31 March 2022, receivables amounting 1.045.515 was obtained from a single non-related client which constitute 22,2% of the Group’s receivables (31 December 2021: 782.908, 26,8%).

As of 31 March 2022, 174.238 of provision for doubtful receivables was determined based on past uncollectible receivable cases encountered and future expectations (31 March 2021: 108.615).

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

	2022	2021
Provision as of 1 January	(157.370)	(101.291)
Charge for the period	(637)	(513)
Collected	-	122
Currency translation effect	(16.231)	(6.933)
Provision as of 31 March	<u>(174.238)</u>	<u>(108.615)</u>

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8. TRADE RECEIVABLES AND PAYABLES (cont’d)

a) Trade Receivables (cont’d):

All of doubtful receivable expense has been charged to general administrative expenses (2021: 116 and 397 of doubtful receivable expense has been charged to cost of revenue and general administrative expenses respectively).

b) Trade Payables:

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

	31 March 2022	31 December 2021
Short-term trade payables		
Payables from Contracting & Engineering segment operations	2.918.967	2.878.960
Payables from Chemical Industry segment operations	3.791.668	2.881.685
Payables from Agricultural Production segment operations	5.748	7.810
Payables from Service segment operations	96.359	59.380
Payables from Investment segment operations	5.919	8.900
Due to related parties	4.009	10.174
Retention payables (Note: 9)	1.034.544	938.814
Other	52.249	46.875
	<u>7.909.463</u>	<u>6.832.598</u>
Long-term trade payables		
Retention payables (Note: 9)	261.410	207.079
Payables from Contracting & Engineering segment operations	11.889	10.996
	<u>273.299</u>	<u>218.075</u>

Foreign currency differences amounting to 642.863 (31 December 2021: 847.574) are included in short and long-term trade payables.

For Chemical Industry segment, payables attributable to inventory supplied through imports constitute 94% (31 December 2021: 98%) of trade payables as at balance sheet date and average payable period for these import purchases is 149 days (31 December 2021: 149 days) whereas average payable period for domestic purchases is 16 days (31 December 2021: 13 days). The average payable period for Engineering and Contracting segment is 216 days (31 December 2021: 157 days), for Agricultural Production segment is 28 days (31 December 2021: 29 days), for Service segment is 41 days (31 December 2021: 51 days), and for Investment segment is 50 days (31 December 2021: 58 days).

9. CONTRACT ASSETS AND LIABILITIES ARISING FROM ONGOING CONSTRUCTION WORKS

	31 March 2022	31 December 2021
Cost incurred on ongoing contracts	87.200.504	75.348.872
Recognised gain less losses (net)	56.406	624.608
	<u>87.256.910</u>	<u>75.973.480</u>
Less: Billings to date (-)	(86.514.718)	(74.567.710)
	<u>742.192</u>	<u>1.405.770</u>

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

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

	31 March 2022	31 December 2021
Contract assets arising from ongoing construction works	1.632.591	1.863.471
Contract liabilities arising from ongoing construction works	(890.399)	(457.701)
	<u>742.192</u>	<u>1.405.770</u>
	31 March 2022	31 December 2021
<u>Contract assets arising from ongoing construction works</u>		
Contracts undersigned abroad	1.349.837	1.698.489
Contracts undersigned in Turkey	282.754	164.982
	<u>1.632.591</u>	<u>1.863.471</u>
<u>Contract liabilities arising from ongoing construction works</u>		
Contracts undersigned abroad	(817.246)	(348.085)
Contracts undersigned in Turkey	(73.153)	(109.616)
	<u>(890.399)</u>	<u>(457.701)</u>
	<u>742.192</u>	<u>1.405.770</u>

The Group has 287.124 of advances given to subcontractors and other suppliers for construction projects classified in short-term prepaid expenses (31 December 2021: 182.630). Also, the Group has 883.664 of advances received for contracting projects classified in deferred revenue (31 December 2021: 619.984).

As of 31 March 2022, the Group has 1.295.954 of retention payables to subcontractors (31 December 2021: 1.145.893). Also, the amount of retention receivables is 1.143.074 (31 December 2021: 967.996) (Note: 8).

10. INVENTORIES

	31 March 2022	31 December 2021
Raw materials	951.987	635.195
Work in progress	1.255.035	828.928
Finished goods	124.690	98.752
Trading goods	806.858	246.376
Goods in transit	191.884	328.509
Inventory at construction sites	1.717.796	1.684.089
Other inventories	167.361	141.460
Allowance for impairment on inventory (-)	(4.050)	(11.073)
	<u>5.211.561</u>	<u>3.952.236</u>

For the three month interim period ended 31 March 2022, there are no borrowing costs added to inventory (31 December 2021: None).

<u>Movement of allowance for impairment of inventory</u>	2022	2021
Provision as of 1 January	(11.073)	(155)
Charge for the period	-	(7.347)
Provision released	7.023	-
Provision as of 31 March	<u>(4.050)</u>	<u>(7.502)</u>

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

TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTH INTERIM PERIOD ENDED 31 MARCH 2022**

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11. INVESTMENTS VALUED BY EQUITY METHOD

Joint Ventures	Location of foundation and operation	31 March 2022		31 December 2021		Power to appoint	Industry
		Participation Rate	Amount	Participation Rate	Amount		
H-T Fidecilik	Turkey	50%	14.373	50%	14.212	50%	Agriculture
Azfen	Azerbaijan	40%	128.573	40%	81.413	40%	Construction
			<u>142.946</u>		<u>95.625</u>		

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

	2022	2021
Opening balance as of 1 January	95.625	115.818
Group’s share on profit (loss)	35.041	(5.441)
Capital increases	-	100
Currency translation effect	12.280	731
Closing balance as of 31 March	<u>142.946</u>	<u>111.208</u>

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

	1 January - 31 March 2022	1 January - 31 March 2021
H-T Fidecilik	161	761
Azfen	34.880	(6.197)
Florya Gayrimenkul (*)	-	(5)
Shares on profit (loss) of joint ventures valued by equity method	<u>35.041</u>	<u>(5.441)</u>

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

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

Information related to balance sheet:

31 March 2022	H-T		Total
	Fidecilik	Azfen	
Cash and cash equivalents	2.632	1.666.235	1.668.867
Other current assets	119.258	1.058.634	1.177.892
Non-current assets	17.997	568.731	586.728
Total Assets	139.887	3.293.600	3.433.487
Short-term borrowings	48.054	-	48.054
Other short-term liabilities	56.395	2.972.167	3.028.562
Long-term borrowings	2.037	-	2.037
Other long-term liabilities	4.656	-	4.656
Total Liabilities	111.142	2.972.167	3.083.309
Net Assets	28.745	321.433	350.178
Group's Ownership Rate	50%	40%	
Group's Share on Net Assets	14.373	128.573	142.946
31 December 2021	H-T		Total
	Fidecilik	Azfen	
Cash and cash equivalents	1.660	1.781.757	1.783.417
Other current assets	90.050	726.679	816.729
Non-current assets	18.524	544.246	562.770
Total Assets	110.234	3.052.682	3.162.916
Short-term borrowings	44.345	-	44.345
Other short-term liabilities	28.884	2.849.149	2.878.033
Long-term borrowings	3.430	-	3.430
Other long-term liabilities	5.152	-	5.152
Total Liabilities	81.811	2.849.149	2.930.960
Net Assets	28.423	203.533	231.956
Group's Ownership Rate	50%	40%	
Group's Share on Net Assets	14.212	81.413	95.625

Translated into English from the report originally issued in Turkish.

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

Information related to statement of profit or loss:

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

1 January - 31 March 2021	H-T		Florya	Total
	Fidencilik	Azfen	Gayrimenkul (*)	
Revenue	26.891	225.917	-	252.808
Depreciation and amortization expense (-)	(546)	(4.922)	-	(5.468)
Operating profit (loss)	3.174	(19.865)	-	(16.691)
Financial income	106	-	-	106
Financial expense (-)	(1.169)	-	-	(1.169)
Tax (expense) income	(588)	4.371	(10)	3.773
Profit (Loss) for the Period	1.521	(15.492)	(10)	(13.981)
Group's Ownership Rate	50%	40%	50%	
Group's Share on Profit (Loss) for the Period	761	(6.197)	(5)	(5.441)

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

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

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

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

	Property, Plant and Equipment	Other Intangible Assets	Investment Property	Right-of-use assets
Cost Value				
Opening balance as of 1 January 2022	9.353.059	219.337	209.406	124.428
Currency translation effect	813.041	20.988	12.897	18.675
Additions	170.626	247	-	2.859
Disposals	(11.631)	(122)	(543)	(10.643)
Transfers	(1.055)	1.055	-	-
Closing balance as of 31 March 2022	<u>10.324.040</u>	<u>241.505</u>	<u>221.760</u>	<u>135.319</u>
Accumulated Depreciation and Amortization				
Opening balance as of 1 January 2022	(5.911.534)	(164.325)	(41.382)	(62.234)
Currency translation effect	(612.549)	(18.477)	(35)	(13.962)
Charge for the period	(114.614)	(2.651)	(661)	(12.092)
Disposals	9.390	122	28	10.643
Closing balance as of 31 March 2022	<u>(6.629.307)</u>	<u>(185.331)</u>	<u>(42.050)</u>	<u>(77.645)</u>
Carrying value as of 31 March 2022	<u>3.694.733</u>	<u>56.174</u>	<u>179.710</u>	<u>57.674</u>
Cost Value				
Opening balance as of 1 January 2021	6.319.659	127.888	175.747	95.044
Currency translation effect	547.605	14.471	8.876	4.653
Additions	98.634	1.276	-	1.860
Disposals	(21.102)	(597)	-	(4.085)
Transfers	(22.558)	22.558	-	-
Closing balance as of 31 March 2021	<u>6.922.238</u>	<u>165.596</u>	<u>184.623</u>	<u>97.472</u>
Accumulated Depreciation and Amortization				
Opening balance as of 1 January 2021	(3.742.684)	(83.631)	(38.728)	(32.303)
Currency translation effect	(410.146)	(11.995)	(18)	(1.973)
Charge for the period	(78.225)	(2.980)	(672)	(7.793)
Disposals	19.790	225	-	4.055
Transfers	19.482	(19.482)	-	-
Closing balance as of 31 March 2021	<u>(4.191.783)</u>	<u>(117.863)</u>	<u>(39.418)</u>	<u>(38.014)</u>
Carrying value as of 31 March 2021	<u>2.730.455</u>	<u>47.733</u>	<u>145.205</u>	<u>59.458</u>

The fair value of the Group’s investment property has been determined based on a valuation carried out by independent expertise which has no relation to the Group and is one of the independent valuers accredited by Capital Market Board. Valuation work has been concluded based on fair value of similar properties. The fair value of the investment properties as of 31 March 2022 is 964.248 (31 March 2021: 627.536) according to the valuation carried out by independent expert. There are not any restrictions on the realizability of investment property or any remittances of income and proceeds of disposal.

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

(b) Goodwill

Subsidiaries Acquired	Nature of Business	Date of Acquisition	Ratio of Shares Acquired	Acquisition Price	Goodwill
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%	85.330	36.352
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
				161.608	99.312

Breakdown of the acquisition price is as follows:

	CFS	Denkmal Dahlem	Gönen Enerji	Meram Enerji	Total
Paid in cash	8.518	85.330	42.946	24.814	161.608
Acquisition price	8.518	85.330	42.946	24.814	161.608

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	449.220	19.361	20.264	488.958
Cash and cash equivalents	13	1.924	12.132	3.043	17.112
Other current assets	100	447.296	7.229	17.221	471.846
Non-current assets	538	5.333	42.252	12.898	61.021
Tangible and intangible assets	538	5.333	40.268	12.784	58.923
Other non-current assets	-	-	1.984	114	2.098
Current liabilities	932	163.738	27.746	29.697	222.113
Non-current liabilities	-	229.592	31.956	-	261.548
Net assets	(281)	61.223	1.911	3.465	66.318

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

(b) Goodwill (cont’d)

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

	CFS	Denkmal Dahlem	Gönen Enerji	Meram Enerji	Total
Acquisition price	8.518	85.330	42.946	24.814	161.608
Non-controlling interest	-	12.245	573	3	12.821
Less: Fair value of net assets of the acquired company	281	(61.223)	(1.911)	(3.465)	(66.318)
Impairment (-)	(8.799)	-	-	-	(8.799)
Goodwill	-	36.352	41.608	21.352	99.312

The Group has calculated the recoverable amount of the goodwill and has not identified any impairment for the year ended 31 March 2022 (31 March 2021: None).

Net cash outflow concerning the acquisitions is as follows:

	CFS	Denkmal Dahlem	Gönen Enerji	Meram Enerji	Total
Paid in cash	8.518	85.330	42.946	24.814	161.608
Less: Cash and cash equivalents of the acquired company	(13)	(1.924)	(12.132)	(3.043)	(17.112)
Net cash outflow	8.505	83.406	30.814	21.771	144.496

Movement of Goodwill is as follows:

	CFS	Denkmal Dahlem	Gönen Enerji	Meram Enerji	Total
Opening balance as of 1 January 2022	-	32.727	41.608	21.352	95.687
Currency translation effect	-	3.625	-	-	3.625
Closing balance as of 31 March 2022	-	36.352	41.608	21.352	99.312
Opening balance as of 1 January 2021	8.799	20.079	41.608	21.352	91.838
Currency translation effect	-	1.707	-	-	1.707
Closing balance as of 31 March 2021	8.799	21.786	41.608	21.352	93.545

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13. SHORT AND LONG-TERM BORROWINGS

The Company's bank loans are reclassified as long-term whose maturities passed 31 March 2023 according to their opening dates. Annual weighted average interest rate of the existing short-term loans is 3,21% for USD, 1,54% for EUR, 18,87% for TL and 4,5% for QAR (31 December 2021: 3,12% for USD, 1,49% for EUR and 11,81% 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 11,21% for TL (31 December 2021: USD None, EUR 2,65%, TL 11,21%, QAR None).

Within the scope of TFRS 16 Leases standard implementation, lease liabilities of 31.905 and 23.345 in the aggregate 55.250 included in short-term and long-term borrowings respectively (31 December 2021: 35.107 short-term, 27.276 long-term in the aggregate 62.383).

14. PROVISIONS, CONTINGENT ASSETS AND LIABILITIES

	31 March 2022	31 December 2021
Short-term provisions	855.085	777.228
Long-term provisions	298.854	288.417
Total provisions	1.153.939	1.065.645
Employment termination benefits provision	321.959	305.418
Unused vacation pay liability provision	122.770	113.553
Premium provision	99.982	129.780
Total provisions attributable to employee benefits	544.711	548.751
Provision for litigation	42.188	40.102
Other liability provisions	567.040	476.792
Other provisions	609.228	516.894
Total provisions	1.153.939	1.065.645

	Employment Termination Benefits Provision	Unused Vacation Pay Liability Provision	Premium Provision	Total Provisions Attributable to Employee Benefits
Opening balance as of 1 January 2022	305.418	113.553	129.780	548.751
Currency translation effect	22.119	10.599	10.283	43.001
Charge for the period	14.891	14.925	34.869	64.685
Interest expense	1.612	-	-	1.612
Provision paid during the period	(20.932)	(14.198)	(26.806)	(61.936)
Provision released	(1.658)	(2.109)	(48.144)	(51.911)
Actuarial loss	509	-	-	509
Closing balance as of 31 March 2022	321.959	122.770	99.982	544.711
Opening balance as of 1 January 2021	170.019	66.325	26.620	262.964
Currency translation effect	15.468	6.464	18	21.950
Charge for the period	22.716	14.435	19.775	56.926
Interest expense	875	-	-	875
Provision paid during the period	(8.555)	(4.669)	(12.601)	(25.825)
Provision released	(183)	(567)	(23.494)	(24.244)
Actuarial gain	(10.172)	-	-	(10.172)
Closing balance as of 31 March 2021	190.168	81.988	10.318	282.474

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

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

	Provision for Litigation	Other Liability Provisions	Total Other Provisions
Opening balance as of 1 January 2022	40.102	476.792	516.894
Currency translation effect	1.798	62.771	64.569
Charge for the period	534	152.927	153.461
Provision paid during the period	(199)	-	(199)
Provision released	(47)	(125.450)	(125.497)
Closing balance as of 31 March 2022	<u>42.188</u>	<u>567.040</u>	<u>609.228</u>
Opening balance as of 1 January 2021	14.651	438.515	453.166
Currency translation effect	782	43.282	44.064
Charge for the period	197	-	197
Provision paid during the period	(70)	-	(70)
Provision released	(204)	(120.068)	(120.272)
Closing balance as of 31 March 2021	<u>15.356</u>	<u>361.729</u>	<u>377.085</u>

Litigations:

As of 31 March 2022, lawsuit filed against the Group is totally 154.185 (31 December 2021: 137.016) and it has been decided to accrue 42.188 (31 December 2021: 40.102) of provision for lawsuits that might have high probability of potential outflow from the Group upon the consultation of legal advisors. Based on the legal advice of lawyers, there is no risk of outflow of resources for cases which no provision is made for.

Libya Arbitration Claim

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

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

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

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

Litigations (cont’d):

Libya Arbitration Claim (cont’d)

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

In this process, the Employer MMRA formed a four-person commission to discuss the terms of termination and Tekfen TML J.V.’s demands. Currently, the parties have agreed in principle to terminate the construction contract, provided that it does not prejudice their rights and demands in the arbitration process and that the agreed matters remain confidential, and it has been agreed to hold a meeting for the signing of the final agreement text. Negotiations are continuing to set a date for the parties to come together.

15. COMMITMENTS

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

31 March 2022	Equivalent of Thousands TL	Thousands of US Dollars	Thousands of EUR	Other (Equivalent of Thousands TL)
A. GPM given on behalf of its own legal entity	2.083	-	-	2.083
-Guarantee	2.083	-	-	2.083
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
B. GPM given on behalf of subsidiaries that are included in full consolidation	28.233.427	1.429.372	75.918	6.061.021
-Guarantee	28.227.427	1.429.372	75.918	6.055.021
-Pledge	-	-	-	-
-Mortgage	6.000	-	-	6.000
C. GPM given in order to guarantee third parties' debts for the routine trade operations	10.139	-	-	10.139
-Guarantee	10.139	-	-	10.139
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
D. Total amounts of other GPM given	-	-	-	-
i. Total amount of GPM given on behalf of parent company	-	-	-	-
ii. Total amount of GPM given on behalf of other group companies that are not included group B and C	-	-	-	-
iii. Total amount of GPM given on behalf of third parties that are not included group C	-	-	-	-
Total as of 31 March 2022	28.245.648	1.429.372	75.918	6.073.243

TEKFEN HOLDİNG ANONİM ŞİRKETİ AND ITS SUBSIDIARIES

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

15. COMMITMENTS (cont'd)

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

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

16. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

Transactions with related parties are distinct and measurable. Transactions with related parties during the three month interim period ended 31 March 2022 consist of sales of goods and services amounting 8.536 (31 March 2021: 9.100), dividend income amounting 11.663 (31 March 2021: 41) and other net expenses amounting 62 (31 March 2021: 153 other expense). The remuneration of key management during the period is 7.303 (31 March 2021: 7.518).

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17. EQUITY

Capital / Capital Structure Adjustment

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

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

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

18. EARNINGS PER SHARE

	1 January- 31 March 2022	1 January - 31 March 2021
Average number of ordinary shares outstanding during the period (in full)	370.000.000	370.000.000
Net profit for the period attributable to owners of the parent (Thousands TL)	105.435	412.161
Earnings per share from continuing operations (TL)	0,285	1,114

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19. OTHER OPERATING INCOME AND EXPENSES

	1 January- 31 March 2022	1 January - 31 March 2021
Other operating income		
Foreign exchange income from operations	345.830	89.485
Hedging income (Note: 21)	175.590	5.571
Due date difference income	23.285	25.197
Discount income	21.931	721
Rental income	18.502	1.046
Social security premium refund income	1.657	1.110
Scrap sales income	1.007	672
Government grants and incentives income	927	1.619
Indemnity income	90	284
Reversal of litigation provision (Note: 14)	47	204
Other income	13.298	9.519
	<u>602.164</u>	<u>135.428</u>
	1 January- 31 March 2022	1 January - 31 March 2021
Other operating expenses (-)		
Foreign exchange losses from operations	(746.823)	(247.199)
Discount expenses	(24.672)	(4.628)
Litigation provision (Note: 14)	(534)	(197)
Grants and contributions	(278)	(217)
Penalty and damages expenses	(141)	(34)
Hedging expenses (Note: 21)	-	(721)
Due date difference expenses	-	(117)
Other expenses	(12.971)	(2.676)
	<u>(785.419)</u>	<u>(255.789)</u>

20. FINANCIAL INCOME AND EXPENSES

	1 January- 31 March 2022	1 January - 31 March 2021
Financial income		
Foreign exchange gains	680.014	314.463
Interest income	30.543	33.905
Currency translation reserve gains	19.867	15.433
Other financial income	184	469
	<u>730.608</u>	<u>364.270</u>
	1 January- 31 March 2022	1 January - 31 March 2021
Financial expenses (-)		
Foreign exchange losses	(404.134)	(97.865)
Interest expenses	(69.089)	(41.375)
Swap expense accrual	(42.720)	-
Currency translation reserve losses	(4.679)	(3.341)
Other financial expenses	(7.215)	(2.582)
	<u>(527.837)</u>	<u>(145.163)</u>

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21. DERIVATIVE INSTRUMENTS

	31 March 2022		31 December 2021	
	Assets	Liabilities	Assets	Liabilities
Forward foreign exchange contracts	204.995	17.754	249.886	-
Foreign exchange swap	-	268.912	-	198.465
Current	204.995	286.666	249.886	198.465
Non-current	-	-	-	-
	<u>204.995</u>	<u>286.666</u>	<u>249.886</u>	<u>198.465</u>

Currency derivatives:

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

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

	31 March 2022	31 December 2021
Forward foreign exchange contracts	2.150.509	861.756
	<u>2.150.509</u>	<u>861.756</u>

As of 31 March 2022, the fair value of the Toros Tarım’s currency derivatives is estimated to be 204.995 assets and 17.754 liabilities which is positive 187.241 (31 December 2021: assets 249.886, positive 249.886). These amounts are based on quoted market prices for equivalent instruments at the balance sheet date and fair value hierarchy classification of derivative instruments is Level 2 (31 December 2021: Level 2). There have been no changes in the purpose or use of derivative instruments.

The fair value of currency derivatives that are designated and effective as cash flow hedges amounting to positive 144.148 has been deferred in equity (31 December 2021: positive 192.376). There are no ineffective cash flow hedges for the period (31 March 2021: positive 11.756). Gains amounting to 175.590 concerning matured derivative contracts during the period have been recognized in profit or loss (31 March 2021: Gains amounting to 5.571 and expenses amounting to 721 concerning matured derivative contracts during the period have been recognized in profit or loss).

Swap transactions:

Tekfen İnşaat performs currency swap transactions to hedge significant future transactions and cash flows from financial risk. Tekfen İnşaat has made cross currency swap agreements that fixed the parity between USD and TRY, for payments in USD 48.000.000 to be made until 3 November 2022. As of 31 March 2022, the fair value of the Tekfen Construction’s swap transactions is estimated to be 268.912 liabilities which is negative 268.912 (31 December 2021: 198.465 liabilities, negative 198.465). The fair value hierarchy classification of swap transactions is Level 2 (31 March 2021: None). As of 31 March 2022, in the amount of 42.720 expense accrual related to swap transactions have been recognized in profit or loss. (31 March 2021: None).

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22. FOREIGN CURRENCY POSITION

31 March 2022	Equivalent of Thousands of TL	Thousands of US Dollars	Thousands of EUR	Thousands of GBP	Other (Equivalent of Thousands of TL)
1. Trade Receivables	808.275	20.716	1.728	-	476.691
2. Monetary Financial Assets	3.589.094	229.516	4.740	11	150.134
3. Other	191.695	858	7.678	-	53.911
4. CURRENT ASSETS	4.589.064	251.090	14.146	11	680.736
5. Trade Receivables	95.110	-	1.189	-	75.719
6. Monetary Financial Assets	111.572	7.570	-	-	703
7. Other	50.526	577	2.579	-	15
8. NON-CURRENT ASSETS	257.208	8.147	3.768	-	76.437
9. TOTAL ASSETS	4.846.272	259.237	17.914	11	757.173
10. Trade Payables	4.557.361	258.245	7.289	41	655.495
11. Financial Liabilities	539.792	-	4.091	-	473.074
12. Monetary Other Liabilities	878.551	10.195	29.617	-	246.225
12b. Non-Monetary Other Liabilities	27.142	1.635	196	-	-
13. CURRENT LIABILITIES	6.002.846	270.075	41.193	41	1.374.794
14. Trade Payables	54.154	84	5	-	52.842
15. Financial Liabilities	263.465	-	16.155	-	-
16. Monetary Other Liabilities	55.581	56	-	-	54.761
17. NON-CURRENT LIABILITIES	373.200	140	16.160	-	107.603
18. TOTAL LIABILITIES	6.376.046	270.215	57.353	41	1.482.397
19. Net Position of Off-balance Sheet Derivative Instruments (19a-19b)	2.253.915	153.895	-	-	-
19a. Derivative Assets	2.253.915	153.895	-	-	-
19b. Derivative Liabilities	-	-	-	-	-
20. Net Foreign Currency Assets / Liabilities Position	724.141	142.917	(39.439)	(30)	(725.224)
21. Monetary Items Net Foreign Currency Assets / Liabilities position (1+2+5+6-10-11-12-14-15-16)	(1.744.853)	(10.778)	(49.500)	(30)	(779.150)
22. Fair Value of Derivative Instruments Held for Hedging	187.241	12.785	-	-	-

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22. FOREIGN CURRENCY POSITION (cont’d)

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

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22. FOREIGN CURRENCY POSITION (cont’d)

Foreign currency sensitivity

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

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

	31 March 2022	
	Profit / (Loss)	
	Appreciation of foreign currencies	Depreciation of foreign currencies
	If US Dollars changes 5% against TL	
US Dollars net assets / liabilities	104.657	(104.657)
	If Euro changes 5% against TL	
Euro net assets / liabilities	(32.160)	32.160
	If other foreign currencies changes 5% against TL	
Other foreign currency assets / liabilities	(36.290)	36.290
TOTAL	36.207	(36.207)
	31 December 2021	
	Profit / (Loss)	
	Appreciation of foreign currencies	Depreciation of foreign currencies
	If US Dollars change 5% against TL	
US Dollars net assets / liabilities	100.152	(100.152)
	If Euro changes 5% against TL	
Euro net assets / liabilities	(35.542)	35.542
	If other foreign currencies change 5% against TL	
Other foreign currency net assets / liabilities	(41.840)	41.840
TOTAL	22.770	(22.770)

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23. FINANCIAL INSTRUMENTS

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

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

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

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

	31 March 2022	Fair value level as of reporting date		
		Level 1	Level 2	Level 3
Financial instruments				
Fair value through other comprehensive income financial investments	1.248.146	216.604	-	1.031.542
Fair value through profit or loss financial investments	2.685.655	53.222	1.812.965	819.468
Derivative instruments	204.995	-	204.995	-
Total	4.138.796	269.826	2.017.960	1.851.010
Financial liabilities				
Derivative instruments	286.666	-	286.666	-
Total	286.666	-	286.666	-
	31 December 2021	Fair value level as of reporting date		
		Level 1	Level 2	Level 3
Financial instruments				
Fair value through other comprehensive income financial investments	1.074.099	170.857	-	903.242
Fair value through profit or loss financial investments	792.186	78.885	-	713.301
Derivative instruments	249.886	-	249.886	-
Total	2.116.171	249.742	249.886	1.616.543
Financial liabilities				
Derivative instruments	198.465	-	198.465	-
Total	198.465	-	198.465	-

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

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23. FINANCIAL INSTRUMENTS (cont’d)

	Fair value through profit or loss financial investments		Fair value through other comprehensive income financial investments		Total
	Level 1	Level 3	Level 1	Level 3	
	Opening balance as at 1 January 2022	78.885	713.301	170.857	
Transfers	12.447	(12.447)	-	-	-
Additions	-	23.184	-	12.398	35.582
Fair value increase (decrease)	(47.398)	5.054	45.747	(65.839)	(62.436)
Currency translation effect	9.288	90.376	-	181.741	281.405
Closing balance as at 31 March 2022	<u>53.222</u>	<u>819.468</u>	<u>216.604</u>	<u>1.031.542</u>	<u>2.120.836</u>

	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	
Additions	-	37.467	-	-	37.467
Fair value increase (decrease)	-	-	(48.930)	7.304	(41.626)
Currency translation effect	-	33.528	-	107.363	140.891
Closing balance as at 31 March 2021	<u>-</u>	<u>320.743</u>	<u>206.326</u>	<u>1.024.583</u>	<u>1.551.652</u>

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

Non-traded fair value through other comprehensive income financial investments

SOCAR Polymer Investments LLC

<i>Valuation Method</i>	<i>31 March 2022 Fair Value</i>	<i>Unobservable Inputs</i>	<i>Relation Between Unobservable Inputs and Fair Value Measurement</i>
Income Approach, Discounted Cash Flow	850.916	Weighted average cost of capital ratio: 11,2%	If the weighted average cost of capital ratio is increased to 12,2%, the estimated fair value decreases by 102.521; If it is decreased to 10,2%, the estimated fair value increases by 127.418.

<i>Valuation Method</i>	<i>31 December 2021 Fair Value</i>	<i>Unobservable Inputs</i>	<i>Relation Between Unobservable Inputs and Fair Value Measurement</i>
Income Approach, Discounted Cash Flow	753.993	Weighted average cost of capital ratio: 11,2%	If the weighted average cost of capital ratio is increased to 12,2%, the estimated fair value decreases by 90.843; If it is decreased to 10,2%, the estimated fair value increases by 112.904.

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23. FINANCIAL INSTRUMENTS (cont’d)

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

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

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

Non-traded fair value through profit or loss financial investments

<i>Industry</i>	<i>Valuation Method</i>	<i>31 March 2022 Fair Value</i>	<i>Unobservable Inputs</i>	<i>Relation Between Unobservable Inputs and Fair Value Measurement</i>
<i>Contracting</i>	Held at cost	117.169	Valuation multiplier: 1,00	If the average valuation multiplier is increased by 10%, the estimated fair value increases by 11.717, in case of a 10% decrease, the estimated fair value decreases by 11.717.
<i>Agriculture</i>	Equivalent value	424.792	Valuation multiplier: 1,72 - 2,21	If the average valuation multiplier is increased by 10%, the estimated fair value increases by 45.407, in case of a 10% decrease, the estimated fair value decreases by 45.407.
	Held at cost	54.132	Valuation multiplier: 1,00	
<i>Other</i>	Equivalent value	219.714	Valuation multiplier: 1,07 - 3,32	If the average valuation multiplier is increased by 10%, the estimated fair value increases by 23.338, in case of a 10% decrease, the estimated fair value decreases by 23.338.
	Held at cost	3.661	Valuation multiplier: 1,42	

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

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

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23. FINANCIAL INSTRUMENTS (cont'd)

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

	Fair value through profit or loss financial investments (Level 3)			
	Contracting	Agriculture	Other	Total
Opening balance as at 1 January 2022	103.822	402.346	207.133	713.301
Transfers (Level 1)	-	-	(12.447)	(12.447)
Additions	-	19.523	3.661	23.184
Fair value change	-	5.054	-	5.054
Currency translation effect	13.347	52.001	25.028	90.376
Closing balance as at 31 March 2022	<u>117.169</u>	<u>478.924</u>	<u>223.375</u>	<u>819.468</u>
	Contracting	Agriculture	Other	Total
Opening balance as at 1 January 2021	11.012	128.130	110.606	249.748
Additions	20.815	16.652	-	37.467
Currency translation effect	1.478	17.202	14.848	33.528
Closing balance as at 31 March 2021	<u>33.305</u>	<u>161.984</u>	<u>125.454</u>	<u>320.743</u>

24. SUBSEQUENT EVENTS

An agreement was signed on 19 April 2022 concerning the sale of the shares of Hishtil Toros Fidecilik San. ve Tic. A.Ş., one of the joint ventures of the Group with 50% direct participation rate, with a price of 29.269 (2.000.000 USD).

Tekfen İnşaat ve Tesisat A.Ş. has received a letter stating that it won the tender to undertake the construction of the "FCC Revamp Project" planned to be built at the Tüpraş İzmir Rafineri by Türkiye Petrol Rafinerileri A.Ş. (Tüpraş). The scope of the project is the equipment and material supply and construction works of the FCC Unit, and its total duration is 33 months. The value of the project approximately 798.196 (54.500.000 USD).

After the balance sheet date, there is negative change of 11.628 in the fair value of one of the Group's fair value through profit or loss financial investment, and negative change of 27.309 in the fair value of one of the Group's fair value through other comprehensive income financial investment.