

Convenience translation of the independent auditors' report and condensed consolidated financial statements originally issued in Turkish)

## **Akfen Holding Anonim Őirketi and its Subsidiaries**

**Interim consolidated financial statements as of and for the period January 1, 2023 - June 30, 2023 with the limited auditor's report**



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### *Interim Review Report on Consolidated Financial Information*

To the Board of Directors of Akfen Holding Anonim Şirketi,

#### *Introduction*

We have reviewed the accompanying consolidated statement of financial position of Akfen Holding Anonim Şirketi (the “Company”) and its subsidiaries (the “Group”) as of 30 June 2023, the consolidated statements of profit or loss and other comprehensive income, consolidated changes in equity and consolidated cash flows for the six-month period then ended. Management is responsible for the preparation and presentation of this consolidated interim financial information in accordance with Turkish Accounting Standards 34 *Interim Financial Reporting* (“TAS 34”) issued by the Public Oversight Accounting and Auditing Standards Authority (“POA”). Our responsibility is to express a conclusion on this consolidated interim financial information based on our review.

#### *Scope of Review*

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



*Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements do not present fairly, in all material respects, in accordance with TAS 34.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi



Hatice Nesrin Tuncer SMMM  
Partner  
25 August 2023  
İstanbul, Turkey

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(Convenience translation of the limited auditors' report and consolidated financial statements originally issued in Turkish)

## Akfen Holding Anonim Şirketi

### Consolidated Statement of Financial Position

As of June 30, 2023

(All amounts are expressed in thousand Turkish Liras ("TRY") unless otherwise specified.)

ASSETS		<u>Reviewed</u>	<u>Audited</u>
	<u>Footnote</u>	<u>June 30,</u>	<u>December 31,</u>
	<u>references</u>	<u>2023</u>	<u>2022</u>
<b>Current Assets</b>			
Cash and cash equivalents	5	7,576,206	3,190,698
Short term financial investments	22	1,117,740	722,989
Trade receivables		635,201	218,074
-Trade receivables from related parties	7-32	32,477	26,813
-Trade receivables from third parties	7	602,724	191,261
Inventories	16	46,342	28,782
Other receivables		112,582	60,067
-Other receivables from related parties	8	33	27
-Other receivables from third parties	8	112,549	60,040
Financial assets related to concession agreements	10	2,562,420	1,819,555
Prepaid expenses	9	146,486	36,898
Current income tax assets	31	1,686	900
Other current assets	23	38,683	23,940
<b>TOTAL CURRENT ASSETS</b>		<b>12,237,346</b>	<b>6,101,903</b>
<b>Non-Current Assets</b>			
Financial investments	22	9,030,743	7,462,429
Trade receivables		2,558	16,254
-Trade receivables from third parties	7	2,558	16,254
Other receivables		114,171	456,056
-Other receivables from related parties	8-32	78,568	440,197
-Other receivables from third parties	8	35,603	15,859
Financial assets related to concession agreements	10	19,178,294	13,784,376
Assets arising from customer contracts	9	97,854	73,612
Investments accounted using the equity method	20	4,158,744	6,658,204
Derivative instruments	12	845,029	522,564
Investment property	11	1,550,817	2,216,786
Right of use assets	13	141,969	7,492
Property, plant and equipment	14	15,420,040	153,463
Intangible assets		1,239,266	95,915
- Goodwill	15	721,115	-
- Other intangible assets	15	518,151	95,915
Prepaid expenses	9	72,228	7,555
Deferred tax assets	31	831,499	2,105,602
Other non current assets	23	138,310	86,162
<b>TOTAL NON-CURRENT ASSETS</b>		<b>52,821,522</b>	<b>33,646,470</b>
<b>TOTAL ASSETS</b>		<b>65,058,868</b>	<b>39,748,373</b>

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

(Convenience translation of the limited auditors' report and consolidated financial statements originally issued in Turkish)

## Akfen Holding Anonim Şirketi

### Consolidated Statement of Financial Position

As of June 30, 2023

(All amounts are expressed in thousand Turkish Liras ("TRY") unless otherwise specified.)

LIABILITIES	<i>Footnote references</i>	<i>Reviewed June 30, 2023</i>	<i>Audited December 31, 2022</i>
<b>Current Liabilities</b>			
Short term borrowings	6	9,981	152,722
Short term portion of long-term borrowings	6	6,372,522	2,316,364
Trade payables		1,541,545	259,115
- Trade payables to related parties	7-32	2,072	11,367
- Trade payables to third parties	7	1,539,473	247,748
Employee benefit obligations		7,878	3,000
Other payables		129,673	73,928
- Other payables to related parties	8-32	-	36,592
- Other payables to third parties	8	129,673	37,336
Deferred revenue		330,435	49,957
- Deferred revenue from related parties	17-32	-	17,313
- Deferred revenue from third parties	17	330,435	32,644
Income tax payable	31	40,844	1,178
Current provisions		49,475	51,693
- Provision for employee benefits	18	27,439	18,819
- Other short-term provisions	18	22,036	32,874
Other current liabilities	23	56,172	40,702
<b>TOTAL CURRENT LIABILITIES</b>		<b>8,538,525</b>	<b>2,948,659</b>
<b>Non-Current Liabilities</b>			
Long term borrowings	6	28,364,562	14,565,326
Trade payables		307,063	191
- Trade payables to related parties	7,32	-	191
- Trade payables to third parties	7	307,063	-
Other payables		699,956	1,767,040
- Other payables to related parties	8-32	699,906	1,758,274
- Other payables to third parties	8	50	8,766
Obligations arising from customer contracts	17	172,004	134,441
Non-current provisions		56,335	18,865
- Provision for employee benefits	18	51,341	18,865
- Other long-term provisions	18	4,994	-
Deferred tax liabilities	31	2,587,040	359,609
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>32,186,960</b>	<b>16,845,472</b>
<b>TOTAL LIABILITIES</b>		<b>40,725,485</b>	<b>19,794,131</b>
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the parent</b>		<b>22,350,273</b>	<b>19,945,913</b>
Issued capital	24	910,000	910,000
Additional capital contributions of shareholders		46,675	23,224
Treasury shares (-)		(257,560)	(243,119)
Share premiums		593,442	50,231
Effect of business combinations under common control		(1,630,052)	(1,639,614)
Other accumulated comprehensive income that will not be reclassified to profit or (loss)		15,762,246	10,647,261
- Increases on revaluation of property, plant and equipment	24	9,971,859	6,036,935
- Losses on remeasurement of defined benefit plans		(8,854)	(7,269)
- Other gains on revaluation and remeasurement	24	5,799,241	4,617,595
Other accumulated comprehensive income that will be reclassified to (loss) or profit		(4,493,679)	(2,150,005)
- Currency translation difference	24	1,709,538	964,273
- Hedge reserve fund	24	(6,203,217)	(3,114,278)
Restricted reserves appropriated from profits	24	2,569,611	2,571,933
Other equity shares	24	(10,905)	-
Retained earnings		6,757,814	6,040,800
Net profit for the period		2,102,681	3,735,202
<b>Non-controlling interests</b>	<b>24</b>	<b>1,983,110</b>	<b>8,329</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>65,058,868</b>	<b>39,748,373</b>

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

(Convenience translation of the limited auditors' report and consolidated financial statements originally issued in Turkish)

**Akfen Holding Anonim Şirketi**  
**Consolidated Statement of Profit or Loss and Other Comprehensive Income**  
**For The Period ended June 30, 2023**

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

	<i>Footnote references</i>	<i>Reviewed January 1 – June 30, 2023</i>	<i>Reviewed January 1 – June 30, 2022</i>
<b>PROFIT OR LOSS FROM CONTINUING OPERATIONS</b>			
Revenue	25	2,467,410	475,066
Cost of sales (-)	25	(1,722,927)	(381,653)
<b>GROSS PROFIT</b>		<b>744,483</b>	<b>93,413</b>
General administrative expenses (-)	26	(282,899)	(87,620)
Marketing, selling and distribution expenses (-)	27	(5,581)	(3,363)
Other income from operating activities	28	7,983,830	2,902,357
Other expenses from operating activities (-)	28	(661,042)	(34,557)
Share of profit from investments accounted using the equity method	20	203,772	895,613
<b>OPERATING PROFIT FROM OPERATING ACTIVITIES</b>		<b>7,982,563</b>	<b>3,765,843</b>
Income from investment activities	30	1,156,721	83,267
Expense from investment activities (-)	30	(103,398)	(575,826)
<b>PROFIT BEFORE FINANCE INCOME/(LOSS)</b>		<b>9,035,886</b>	<b>3,273,284</b>
Finance income	29	939,908	1,207,029
Finance expenses (-)	29	(6,563,581)	(2,825,415)
<b>PROFIT BEFORE TAX FROM CONTINUING OPERATIONS</b>		<b>3,412,213</b>	<b>1,654,898</b>
<b>Tax expense</b>		<b>(1,224,198)</b>	<b>(155,621)</b>
Current period tax expense (-)	31	(45,222)	(3,583)
Deferred tax expense	31	(1,178,976)	(152,038)
<b>PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS</b>		<b>2,188,015</b>	<b>1,499,277</b>
<b>PROFIT FOR THE PERIOD</b>		<b>2,188,015</b>	<b>1,499,277</b>
<b>Attributable to</b>			
Non-controlling interests	35	85,334	(5,434)
Equity holders of the parent		2,102,681	1,504,711
<b>Net profit for the period</b>		<b>2,188,015</b>	<b>1,499,277</b>
<b>Earnings per share</b>			
Earnings per share (TRY in full)	33	2.31	2.15
Diluted earnings per share (TRY in full)	33	2.31	2.15

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

(Convenience translation of the limited auditors' report and consolidated financial statements originally issued in Turkish)

**Akfen Holding Anonim Şirketi**  
**Consolidated Statement of Profit or Loss and Other Comprehensive Income**  
**For The Period ended June 30, 2023**

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

		<u>Reviewed</u> <u>January 1 –</u> <u>June 30,</u> <u>2023</u>	<u>Reviewed</u> <u>January 1 –</u> <u>June 30,</u> <u>2022</u>
STATEMENT OF OTHER COMPREHENSIVE INCOME/(EXPENSE)	<i>Footnote references</i>		
<b>PROFIT FOR THE YEAR</b>		<b>2,188,015</b>	<b>1,499,277</b>
<b>Other comprehensive income that will not be reclassified to profit or loss</b>		<b>1,185,184</b>	<b>1,159,019</b>
Gains on remeasurements of defined benefit plans		3,538	2,520
Other comprehensive income items that will not be reclassified as other profit or loss	24	1,181,646	1,156,499
<b>Other comprehensive income/loss that will be reclassified to profit or loss</b>		<b>(1,495,862)</b>	<b>(576,751)</b>
Exchange differences on translation	24	738,809	307,873
Other comprehensive loss related with cash flow hedges	24	(2,234,671)	(884,624)
<b>OTHER COMPREHENSIVE (EXPENSE)/INCOME</b>		<b>(310,678)</b>	<b>582,268</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>1,877,337</b>	<b>2,081,545</b>
<b>Total comprehensive income attributable to</b>			
Non-controlling interests		(590,330)	(5,434)
Equity holders of the parent		2,467,667	2,086,979
<b>Total comprehensive income</b>		<b>1,877,337</b>	<b>2,081,545</b>

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



(Convenience translation of the limited auditors' report and consolidated financial statements originally issued in Turkish)

## Akfen Holding Anonim Şirketi

### Consolidated Statement of Changes in Equity for the Period ended June 30, 2023

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

					Other comprehensive income and expenses accumulated that will be reclassified in profit or loss		Other accumulated comprehensive income and expenses that will not be reclassified in profit or loss			Retained earnings					
	Issued capital	Treasury shares	Share premiums	Effects of combinations of entities or businesses under common control	Currency translation differences	Losses on hedge	Other gains on revaluation and remeasurement	Increases on revaluation fund	(Losses)/Gains on remeasurements of defined benefit plans	Restricted reserves appropriated from profits	Retained earnings profits	Net profit for the period	Total	Non-controlling interests	Total Equity
<b>Balances as of January 1, 2022</b>	<b>700,000</b>	<b>(237,859)</b>	<b>50,231</b>	<b>(1,639,614)</b>	<b>590,699</b>	<b>(1,976,224)</b>	<b>2,754,692</b>	<b>4,461,126</b>	<b>(6,018)</b>	<b>2,493,382</b>	<b>3,244,658</b>	<b>2,767,361</b>	<b>13,202,434</b>	<b>(33,909)</b>	<b>13,168,525</b>
Transfers	-	-	-	-	-	-	-	(69,964)	-	73,786	2,763,539	(2,767,361)	-	-	-
<b>Total comprehensive income/(expense)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>307,873</b>	<b>(884,624)</b>	<b>1,156,499</b>	<b>-</b>	<b>2,520</b>	<b>-</b>	<b>-</b>	<b>1,504,711</b>	<b>2,086,979</b>	<b>(5,434)</b>	<b>2,081,545</b>
<i>Profit/(loss) for the period</i>	-	-	-	-	-	-	-	-	-	-	-	1,504,711	1,504,711	(5,434)	1,499,277
<i>Other comprehensive income/(expense)</i>	-	-	-	-	307,873	(884,624)	1,156,499	-	2,520	-	-	-	582,268	-	582,268
Other contributions of shareholders	-	-	-	-	-	-	-	-	-	37,926	-	-	37,926	-	37,926
<b>Balances as of June 30, 2022</b>	<b>700,000</b>	<b>(237,859)</b>	<b>50,231</b>	<b>(1,639,614)</b>	<b>898,572</b>	<b>(2,860,848)</b>	<b>3,911,191</b>	<b>4,391,162</b>	<b>(3,498)</b>	<b>2,605,094</b>	<b>6,008,197</b>	<b>1,504,711</b>	<b>15,327,339</b>	<b>(39,343)</b>	<b>15,287,996</b>

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

(Convenience translation of the limited auditors' report and consolidated financial statements originally issued in Turkish)

## Akfen Holding Anonim Şirketi

### Consolidated Statement of Changes in Equity for the Period ended June 30, 2023

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

						Other comprehensive income and expenses accumulated that will be reclassified in profit or loss		Other accumulated comprehensive income and expenses that will not be reclassified in profit or loss					Retained earnings				Total	Non-controlling interests	Total Equity
	Additional capital Issued	contributions	Treasury shares	Share premiums	Effects of combinations of entities or common control	Currency translation differences	Losses on hedge	Other gains on revaluation and remeasurement	Increases on revaluation fund	(Losses)/Gains on remeasurements of defined benefit plans	Restricted reserves appropriated from profits	Other equity shares	Retained earnings profits	Net profit for the period					
<b>Balances as of January 1, 2023</b>	<b>910,000</b>	<b>23,224</b>	<b>(243,119)</b>	<b>50,231</b>	<b>(1,639,614)</b>	<b>964,273</b>	<b>(3,114,278)</b>	<b>4,617,595</b>	<b>6,036,935</b>	<b>(7,269)</b>	<b>2,571,933</b>	<b>-</b>	<b>6,040,800</b>	<b>3,735,202</b>	<b>19,945,913</b>	<b>8,329</b>	<b>19,954,242</b>		
Transfers	-	-	-	-	-	-	9,815	-	(156,951)	-	914	-	3,881,424	(3,735,202)	-	(10,127)	(10,127)		
<b>Total comprehensive income/(expense)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>738,809</b>	<b>(1,558,394)</b>	<b>1,181,646</b>	<b>-</b>	<b>2,925</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,102,681</b>	<b>2,467,667</b>	<b>(590,330)</b>	<b>1,877,337</b>		
<i>Profit for the period</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	2,102,681	2,102,681	85,334	2,188,015		
<i>Other comprehensive income/(expense)</i>	-	-	-	-	-	738,809	(1,558,394)	1,181,646	-	2,925	-	-	-	-	364,986	(675,664)	(310,678)		
Subsidiary acquisition (Note 3)	-	23,451	-	543,211	9,562	6,456	(1,540,360)	-	4,091,875	(4,510)	20,980	-	(3,150,665)	-	-	20,565	20,565		
Other contributions of shareholders	-	-	-	-	-	-	-	-	-	-	(38,657)	-	-	-	(38,657)	-	(38,657)		
Transactions with non-controlling shareholders (Note 24)	-	-	-	-	-	-	-	-	-	-	(10,905)	-	-	(10,905)	-	(10,905)			
Increase/(decrease) due to share repurchase transactions <sup>(*)</sup>	-	-	(14,441)	-	-	-	-	-	-	-	14,441	-	(14,441)	-	(14,441)	-	(14,441)		
Decrease due to share-based transactions (Note 3)	-	-	-	-	-	-	-	-	-	-	-	-	696	-	696	2,554,673	2,555,369		
<b>Balances as of June 30, 2023</b>	<b>910,000</b>	<b>46,675</b>	<b>(257,560)</b>	<b>593,442</b>	<b>(1,630,052)</b>	<b>1,709,538</b>	<b>(6,203,217)</b>	<b>5,799,241</b>	<b>9,971,859</b>	<b>(8,854)</b>	<b>2,569,611</b>	<b>(10,905)</b>	<b>6,757,814</b>	<b>2,102,681</b>	<b>22,350,273</b>	<b>1,983,110</b>	<b>24,333,383</b>		

<sup>(\*)</sup> It relates to the Group's portion of the repurchase of 30,000,000 nominal shares for TRY 103,583,277, by Akfen Gayrimenkul Yatırım Ortaklığı A.Ş., one of the group companies, starting from April 27, 2023.

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

(Convenience translation of the limited auditors' report and consolidated financial statements originally issued in Turkish)

## Akfen Holding Anonim Şirketi

### Consolidated Cash Flow Statement For the Period ended June 30, 2023

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

	<i>Footnote references</i>	<u>Reviewed June 30, 2023</u>	<u>Reviewed June 30, 2022</u>
<b>A. Cash Flows from Operating Activities</b>		<b>2,609,680</b>	<b>1,881,165</b>
<b>Profit for the period</b>		<b>2,188,015</b>	<b>1,499,277</b>
<b>Adjustments to reconcile profit</b>		<b>(166,430)</b>	<b>(769,143)</b>
Adjustments for depreciation and amortization	25-26	318,832	12,732
Adjustments for gains on non-current assets		(28,910)	(415)
<i>Adjustments for gains on disposal of investment properties</i>	28	(28,910)	(415)
Adjustments for dividend income	30	(202,990)	(83,058)
Adjustments for fair value gains		(7,492,010)	(2,819,369)
<i>Adjustment for fair value gains of financial assets</i>	28-30	(7,305,107)	(2,325,965)
<i>Adjustment for fair value losses/(gains) of investment properties</i>	28	31,375	(32,592)
<i>Adjustments for the fair value gains of derivative financial instruments</i>	29	(218,278)	(460,812)
Adjustments for impairment		12,225	(9,739)
<i>Adjustment for impairment/(reversal of impairment) on receivables</i>	28	12,295	(9,739)
<i>Adjustments for other impairment reversals</i>		(70)	-
Adjustments for provisions		41,284	36,400
<i>Adjustments for provisions related with employee benefits</i>		19,515	7,576
<i>Adjustments for other provisions</i>	28	21,769	28,824
Adjustments for the undistributed incomes of investments accounted using the equity method	20	(203,772)	(895,613)
Adjustments for unrealized foreign exchange		6,112,167	2,368,979
Adjustments for losses arising from the disposal or change in shares of affiliates, joint ventures and financial investments	30	17,390	-
Adjustments for interest income and expenses	29	1,211,015	402,759
Adjustments for tax incomes	31	1,224,198	155,621
Adjustments for other items that cause cash flows from investing or financing activities	30	(659,601)	55,000
Other adjustment for profit/loss reconciliation		(516,258)	7,560
<b>Changes in working capital</b>		<b>(340,091)</b>	<b>379,085</b>
Adjustments for decrease/(increase) in trade receivables		44,079	(87,836)
Adjustments for decrease in other receivables related with operations		49,869	38,516
Adjustments for (increases)/decreases in inventories	16	(11,756)	7,632
Other adjustments for other (decrease)/increase in working capital		(21,780)	3,376
Adjustments for increases in obligations arising from customer contracts		37,545	20,396
Adjustments for increases in assets arising from customer contracts		(24,242)	(13,862)
Adjustments for (decrease)/increase in trade payables		(5,080)	47,222
Adjustments for (decrease)/increase in other payables from operations		(408,726)	363,641
<b>Cash flows from operations</b>		<b>1,681,494</b>	<b>1,109,219</b>
Tax payments		(35,912)	(2,100)
Payments for other provisions		(33,010)	-
Payments related with provisions for employee benefits		(3,469)	(756)
Other cash inflows	10	1,000,577	774,802

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

(Convenience translation of the limited auditors' report and consolidated financial statements originally issued in Turkish)

## Akfen Holding Anonim Şirketi

### Consolidated Cash Flow Statement For the Period ended June 30, 2023

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

	<i>Footnote references</i>	<u>Reviewed June 30, 2023</u>	<u>Reviewed June 30, 2022</u>
<b>B. Cash Flows From/(Used in) Investment Operations</b>		<b>356,454</b>	<b>(601,056)</b>
Interest received		91,317	21,917
Dividends received	30	202,990	83,058
Cash outflows from the purchase of tangible and intangible assets	14-15	(61,247)	(26,304)
Cash inflows from sales of tangible and intangible assets	14-15	2,716	565
Cash inflows from the sale of investment property	11-28	134,000	54,104
Cash inflows from sales that will result in loss of control of subsidiaries	3	469,859	-
Cash inflows from sales that do not result in loss of control of subsidiaries	3	3,288,350	-
Cash outflows on purchases to obtain control of subsidiaries	3	(3,023,834)	-
Cash outflows due to share purchase or capital increase of associates and/or joint ventures	3-20	(235,726)	(196,294)
Cash outflow from participation fee and other financial instruments		(511,971)	(538,102)
<b>C. Cash Flows used in Financing Activities</b>		<b>(575,422)</b>	<b>(1,431,255)</b>
Proceeds from borrowings	6	2,174,052	387,715
Repayments of borrowings	6	(1,957,385)	(1,423,478)
Cash outflows related to debt payments arising from lease agreements	6	(17,888)	-
Interest paid	6	(837,871)	(414,684)
Other cash outflows		63,670	19,192
<b>Net increase/(decrease) in cash and cash equivalents before the effect of currency translation differences</b>		<b>2,390,712</b>	<b>(151,146)</b>
Effect of foreign currency translation differences on cash and cash equivalents		1,408,879	192,113
<b>Net increase in cash and cash equivalents</b>		<b>3,799,591</b>	<b>40,967</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>5</b>	<b>3,189,742</b>	<b>1,976,765</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>5</b>	<b>6,989,333</b>	<b>2,017,732</b>

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

(Convenience translation of the limited auditors' report and consolidated financial statements originally issued in Turkish)

## Akfen Holding Anonim Şirketi

### Notes to the Consolidated Financial Statements as at and For the Period ended June 30, 2023

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

#### 1. ORGANIZATION AND NATURE OF OPERATIONS OF THE COMPANY

Akfen Holding A.Ş. ("Akfen Holding" or the "Company") was established in Turkey in 1999, Having established its first company in 1976, Akfen Holding operates to invest in, administer and coordinate its subsidiaries and affiliates operating in industries such as airport management and operations, construction, seaport management and operations, marine transportation, water distribution and wastewater services, energy and real estate, Akfen Holding, together with its subsidiaries and joint ventures, will be hereinafter referred to as the "Group".

Akfen Holding transferred its contracting operations in infrastructure construction projects that it had been performing since its establishment to a new sphere outside contracting when it was awarded the Build-Operate-Transfer ("BOT") model for Istanbul Atatürk Airport in 1997, transposing the investment planning models it applied for airports to many infrastructure projects in Turkey as an investor and thus transforming into one of Turkey's infrastructure investment holdings.

Consolidated financial statements of the Group as of June 30, 2023, December 31, 2022 and June 30, 2022 includes the share of Akfen Holding and subsidiaries, the equity accounted joint ventures and financial investments.

As of June 30, 2023, there are 14 subsidiaries directly owned by Akfen Holding (December 31, 2022: 12). The Company's direct subsidiaries are Akfen İnşaat Turizm ve Ticaret A.Ş. ("Akfen Construction"), Akfen Danışmanlık ve Proje Geliştirme A.Ş. ("Akfen Danışmanlık"), Akfen Turizm Yatırım ve İşletme A.Ş. ("Akfen Tourism"), Akfen Gayrimenkul Portföy Yönetimi A.Ş. ("Akfen GPYS"), Adana İpekyolu Enerji Üretim Tic. San. A.Ş. ("Adana İpekyolu"), Akfen Enerji Gaz Santrali Yatırımları ve Ticaret A.Ş. ("Akfen Energy Gas"), Akfen Güneş Enerjisi Yatırım ve İşletme A.Ş. ("Akfen Solar Energy"), Temmuz Yatırım İnşaat A.Ş. ("Temmuz Investment"), Ağustos Yatırım İnşaat A.Ş. ("Ağustos Investment"), Kasım Yatırım İnşaat A.Ş. ("Kasım Investment"), Aralık Yatırım İnşaat A.Ş. ("Aralık Investment"), Akfen Yenilenebilir Enerji A.Ş. ("Akfen Renewable Energy"), Akfen Çevre ve Su Yatırım Yapım İşletme A.Ş. ("Akfen Water") ve Zeki Grup İnşaat ve Ticaret A.Ş. ("Zeki İnşaat"). All of Akfen Hastane Hizmetleri ve İşletmecilik A.Ş. ("Akfen Hospital")'s (formerly Akfen Rüzgar Enerjisi ve Ticaret A.Ş. ("Akfen Wind")) shares in Akfen Holding were transferred to Akfen Tourism on June 22, 2022, and as of this date, Akfen Tourism became the sole shareholder of Akfen Hospital, and Akfen Hospital became an indirect subsidiary of Akfen Holding. With the decision of Akfen Tourism and Akınısı Makina Sanayi ve Ticaret A.Ş. ("Akınısı") Board of Directors dated August 12, 2022, it has been decided that Akınısı, which owns the majority shares of the Company (99.99%), joins Akfen Tourism as a whole, without liquidation. As of August 22, 2022, the merger of Akfen Tourism and Akınısı was completed and Akınısı was dissolved without liquidation. On July 29, 2022, Temmuz Investment and Ağustos Investment, whose capital is wholly owned by Akfen Holding, were established. With the partial demerger transaction registered on July 4, 2022, the Koparan land owned by Akfen Construction was transferred to Ayrı Gayrimenkul, which was the indirect subsidiary of Akfen Holding at that time, and the Tuluntaş land was transferred to Zeki İnşaat. Akfen Construction has put the aforementioned lands registered in its assets as capital in kind through partial demerger. The shares issued due to the lands taken over from Akfen Construction were given to Akfen Holding. As a result, as of December 31, 2022, Akfen Holding's share in Ayrı Gayrimenkul is 99.97%, Akfen Construction's share is 0.03%, Akfen Holding's share in Zeki İnşaat is 89.14%, and Akfen Construction's share is 10.86% and Ayrı Gayrimenkul and Zeki İnşaat became a direct subsidiary of Akfen Holding. It has been decided to transfer the shares of Ayrı Gayrimenkul to Akfen Gayrimenkul Portföy Yönetimi A.Ş. Birinci Gayrimenkul Yatırım Fonu'na ("Fon"). The aforementioned transfer transaction was completed on January 13, 2023, and 342,198,000 Ayrı Gayrimenkul shares belonging to Akfen Holding and 100,000 Ayrı Gayrimenkul shares belonging to Akfen Construction were transferred to the Fon. Therefore, as of December 31, 2022, Ayrı Gayrimenkul, a subsidiary of the Company, is not included in the Group assets as of June 30, 2023. On January 2, 2023, the Company transferred 50% of BİZ Madencilik A.Ş. (formerly BISS Savunma Sanayi A.Ş. "BİZ Mining")'s shares which it owns all shares to İlbak Madencilik San. Ve Tic. A.Ş. ("İlbak Mining") and Biz Mining, a subsidiary of the Company as of December 31, 2022, became a joint venture as of June 30, 2023. The Company completed the purchase of 50% shares of TASK Water B.V. in Akfen Water on January 5, 2023 and Akfen Water, the joint venture of the Company as of December 31, 2022, became a subsidiary as of June 30, 2023. The company acquired all the shares of EBRD and IFC in Akfen Renewable Energy on January 18, 2023 and became the 100% owner of the company and Akfen Renewable Energy, a joint venture of the Company as of December 31, 2022, became a subsidiary as of June 30, 2023. On March 2, 2023, the Capital Markets Board approved the public offering of Group B shares with a nominal value of TRY 340,370,703 owned by the Company in Akfen Renewable Energy. Group B shares with a nominal value of TRY 340,370,703 were offered for sale between March 8, 2023 and March 10, 2023, and Akfen Renewable Energy shares with a total nominal value of TRY 340,370,703 (33.5% of the capital) were offered to the public. As a result, as of June 30, 2023, Akfen Holding's share in Akfen Renewable Energy was 66.5%. Kasım Investment and Aralık Investment companies were established on March 14, 2023.

(Convenience translation of the limited auditors' report and consolidated financial statements originally issued in Turkish)

## Akfen Holding Anonim Şirketi

### Notes to the Consolidated Financial Statements as at and For the Period ended June 30, 2023

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

#### 1. ORGANIZATION AND NATURE OF OPERATIONS OF THE COMPANY (cont'd)

In addition, as of June 30, 2023, there are 4 joint ventures and 4 financial investments owned by Akfen Holding (December 31, 2022: 5 joint ventures and 4 financial investments).

The Company has joint management rights in Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. ("Akfen REIT"), Acacia Maden İşletmeleri A.Ş. ("Acacia Mine"), Biz Mining and Marmara Deniz Otobüsleri Yatırım ve İşletme A.Ş. ("MDO"), Mersin Uluslararası Liman İşletmeciliği A.Ş. ("MIP"), TAV Yatırım Holding A.Ş. ("TAV Investment"), Travelex Doviz Ticaret A.S. ("Travelex") and Tepe Akfen Reformer are classified as financial investment.

In addition, as of June 30, 2023 there are 53 (December 31, 2022: 7) indirect subsidiaries owned by Akfen Holding. The Company's indirect subsidiaries are, Isparta Şehir Hastanesi Yatırım İşletme A.Ş. ("Isparta City Hospital"), Eskişehir Şehir Hastanesi Yatırım İşletme A.Ş. ("Eskişehir City Hospital"), Tekirdağ Şehir Hastanesi Yatırım İşletme A.Ş. ("Tekirdağ City Hospital"), Hacettepe Teknokent Eği. ve Kli. Ar. Mer. Sağ. Ar-Ge Dan. Pro. San. Tic. A.Ş. ("HacettepeTeknokent"), Akfen Merter Gayrimenkul Turizm ve İnşaat A.Ş. ("Akfen Merter"), Haziran Yatırım İnşaat A.Ş. ("Haziran Investment"), Mayıs Yatırım İnşaat A.Ş. ("Mayıs Investment"), Akfen Hospital and became indirect subsidiaries with Akfen Renewable Energy share purchase which are Bt Bordo Elektrik Üretim Dağ. Paz. San. ve Tic. A.Ş. ("Bt Bordo"), Elen Enerji Üretimi San. Tic. A.Ş. ("Elen"), H.H.K Enerji Elektrik Üretim A.Ş. ("HHK"), Yeni Doruk Enerji Elektrik Üretim A.Ş. ("Yeni Doruk"), Ayna Enerji A.Ş. ("Ayna Energy"), Bahçe Enerji A.Ş. ("Bahçe Energy"), Bahçeli Enerji A.Ş. ("Bahçeli Energy"), Batıkent Enerji A.Ş. ("Batıkent Energy"), Beysukent Enerji A.Ş. ("Beysukent Energy"), Çekirdek Enerji A.Ş. ("Çekirdek Energy"), Cihangir Enerji A.Ş. ("Cihangir Energy"), Dalga Enerji A.Ş. ("Dalga Energy"), Devir Enerji A.Ş. ("Devir Energy"), Düzey Enerji A.Ş. ("Düzey Energy"), Farez Elektrik Üretim San.ve Tic. A.Ş. ("Farez Electric"), Gökada Elektrik Üretim Sanayi ve Tic. A.Ş. ("Gökada Electric"), Günova Elektrik Üretim San. ve Tic. A.Ş. ("Günova Electric"), Hazine Enerji A.Ş. ("Hazine Energy"), İota Güneş Enerji Elektrik Üretim ve TİC. A.Ş. ("İota Energy"), Jüpiter Enerji A.Ş. ("Jüpiter Energy"), Kızılay Enerji A.Ş. ("Kızılay Energy"), Komsun Enerji Tarım Hayvan. İnş. San. ve Tic. A.Ş. ("Komsun Energy"), Me-Se Enerji Elektrik Üretim Sanayi ve Tic. A.Ş. ("Me-Se Energy"), Mt Doğal Enerji Üretim A.Ş. ("Mt Energy"), Murel Elektrik Üretim San. ve Tic. A.Ş. ("Murel Electric"), Neptün Enerji A.Ş. ("Neptün Energy"), Omicron Güneş Enerjisi Elektrik Üretim ve Tic. A.Ş. ("Omicron Energy"), Plüton Enerji A.Ş. ("Plüton Energy"), Psi Güneş Enerjisi Elektrik Üretim ve Tic. A.Ş. ("Psi Energy"), Radon Elektrik Üretim Sanayi ve Ticaret A.Ş. ("Radon Electric"), Solentegre Enerji Yatırımları Tic. A.Ş. ("Solentegre Energy"), Uranüs Enerji A.Ş. ("Uranüs Energy"), Yaysun Elektrik Üretim Sanayi ve Tic. A.Ş. ("Yaysun Electric"), Yeşildere Elektrik Üretim A.Ş. ("Yeşildere Electric"), Yeşilvadi Elektrik Üretim A.Ş. ("Yeşilvadi Electric"), Zengen Enerji A.Ş. ("Zengen Energy"), Zincir Enerji A.Ş. ("Zincir Energy"), İmbat Enerji A.Ş. ("İmbat Energy"), Kanat Enerji A.Ş. ("Kanat Energy"), Pruva Enerji A.Ş. ("Pruva Energy"), Isider Enerji Ürt. Paz. İth. ve İhr. A.Ş. ("Isider Energy"), Korda Enerji Ürt. Paz. İth. ve İhr. A.Ş. ("Korda Energy"), Derbent Enerji Ürt. Paz. İth. ve İhr. A.Ş. ("Derbent Energy"), Kovancı Enerji Ürt. Paz. İth. ve İhr. A.Ş. ("Kovancı Energy"), Akfen Elektrik Toptan Satış A.Ş. ("Akfen Electricity Wholesale").

On July 29, 2022, Haziran Investment and on March 14, 2023, Mayıs Investment whose capital is fully owned by Akfen Construction, were established and thus became an indirect subsidiaries of Akfen Holding. The Joint Venture (Ordinary Partnership) was established by Akfen Construction and Dost İnşaat ve Proje Yönetimi A.Ş. with the ratio of 70%-30%, respectively, with the contract numbered 04301 dated March 27, 2023, which was signed by the Ankara 78th Notary Public. The Joint Venture (Ordinary Partnership) was established by Akfen İnşaat and Dost İnşaat ve Proje Yönetimi A.Ş. with the ratio of 55% to 45%, respectively, with the contract dated June 12, 2023 with the contract number 07976, which was signed by the Ankara 78th Notary Public. In addition, the Akfen Construction participated in the Renovation and Reconstruction tender of Sister of Mercy Hospital in Zagreb, Croatia, on 14 May, together with Dost Construction (with 60% Akfen Construction-40% Dost Construction partnership), and the offer was announced by the tender commission as the winning offer on August 3, 2022. As of 25 November 2022, following the completion of the necessary procedures, the project contract was signed and entered into force. The Company established a branch affiliated to Akfen İnşaat to carry out its Croatian business. Also Akfen İnşaat Bucharest branch was registered in Romania on June 8, 2023 for possible projects in Romania.

As of June 30, 2023, the Group manages partnerships with nationally and internationally reputed partners such as, Tepe İnşaat Sanayi A.Ş, ("Tepe Construction"), İlbak Mining, PSA International ("PSA"), Travelex Group and Global InfraCo SP NEUM SLU ("Global InfraCo"). The Group also has a framework agreement with ACCOR S.A, ("Accor"), one of the world's leading hotel chains, for hotel brands Novotel and Ibis, which will have additional hotels constructed in Turkey

Akfen Holding shares had been traded in Borsa İstanbul A.Ş, ("BİAŞ") under the code "AKFEN" since May 14, 2010 but were de-listed as of May 12, 2016.

(Convenience translation of the limited auditors' report and consolidated financial statements originally issued in Turkish)

## Akfen Holding Anonim Şirketi

### Notes to the Consolidated Financial Statements as at and For the Period ended June 30, 2023

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

#### 1. ORGANIZATION AND NATURE OF OPERATIONS OF THE COMPANY (cont'd)

As of June 30, 2023 and December 31, 2022, the shareholders of Akfen Holding are as follows:

	June 30, 2023		December 31, 2022	
	Share Amount	Share Ratio %	Share Amount	Share Ratio %
Pelin Akın Özalp	428,652	47.10	428,652	47.10
Selim Akın	428,652	47.10	428,652	47.10
Akfen Holding (*)	20,648	2.27	20,648	2.27
Hamdi Akın	29,902	3.29	29,902	3.29
Akfen Turizm	2,146	0.24	2,146	0.24
<b>Ödenmiş sermaye (nominal)</b>	<b>910,000</b>	<b>100</b>	<b>910,000</b>	<b>100</b>

(\*) It consists of Akfen Holding's Treasury shares.

Akfen Holding's legal residence address is as follows:

Koza Sokak No:22 Gaziosmanpaşa

06700 / Ankara-Türkiye

Tel: 90 312 408 10 00 - Fax: 90 312 441 07 82

Web: <http://www.akfen.com.tr>

As of June 30, 2023, the number of employees of the Company and Company's joint ventures/financial investments is 69 (December 31, 2022: 60) and 4,858 (December 31, 2022: 4,484) respectively.

The main subsidiaries and joint ventures/financial investments of Akfen Holding are listed as follows:

#### i) Subsidiaries

##### Akfen Renewable Energy

Under restructuring efforts for the renewable energy portfolio, the process of absorption merger for Akfen Rüzgar Enerjisi Yatırımları A.Ş. ("Akfen WPP"), a subsidiary of the Company, into Akfen HES Yatırımları ve Enerji Üretim A.Ş. ("Akfen HEPP") completely (universally) and without liquidation and of changing the trade name of Akfen HEPP to Akfen Yenilenebilir Enerji A.Ş. were completed and registered as of January 19, 2016.

On December 15, 2015, Akfen Holding signed a shareholders' agreement with the EBRD worth USD 100 million for a total of 20 percent stake in the renewable energy company which will be incorporated through restructuring by a merger of renewable energy subsidiaries, namely Akfen HEPP, Akfen WPP, Akfen Electricity Wholesale and Karine SPP, following the transfer of the latter to the Holding, under the same roof. On June 23, 2016, the previous agreement signed with the EBRD was amended, and a new agreement was signed with the EBRD and the IFC in order for them to become shareholders in Akfen Renewable Energy, each subscribing for 16.667% of shares on a fee of USD 100 million. Following the fulfillment of closing requirements, the capital of Akfen Renewable Energy was increased, on premium, to TRY 705,000 from TRY 634,500 with the EBRD and the IFC transferring USD 44,444,444 for 5% of shares each to Akfen Renewable Energy. The capital increase was registered on July 12, 2016. The share transfer agreement stipulates that Akfen Renewable Energy be managed jointly by Akfen Holding, EBRD and IFC, and unanimous decisions of the parties be sought in relation to operations which significantly impact on Akfen Renewable Energy's returns. Therefore, Akfen Holding considered this transaction to be a sale of shares in a subsidiary, which gives rise to a loss of control, and the equity accounting of the Company's shares in Akfen Renewable Energy started.

On December 5, 2019, the capital of Akfen Renewable Energy was increased to 959,410 TL with a premium, within this scope, a total of USD 12,078,804 was transferred to Akfen Renewable Energy by the EBRD and IFC, thus EBRD and IFC's shares were from 15.982% to 16.993%. While the share of Akfen Holding decreased from 68.036% to 66.134%. On February 17, 2020, Akfen Renewable Energy's capital was increased to TL 1,016,032 at a premium, within this scope, US \$ 5,100,000 was transferred from the EBRD to Akfen Renewable Energy, thus Akfen Holding's share was 66.91%, EBRD's share was 17.10%, and IFC's share was 15.99%. Akfen Holding acquired all the shares of EBRD and IFC in Akfen Renewable Energy on January 18, 2023 and became the 100% owner of the company and Akfen Renewable Energy, a joint venture of the Company as of December 31, 2022, became a subsidiary as of June 30, 2023. On March 2, 2023, the Capital Markets Board approved the public offering of Group B shares with a nominal value of TRY 340,370,703 owned by the Company in Akfen Renewable Energy. Group B shares with a nominal value of TRY 340,370,703 were offered for sale between March 8, 2023 and March 10, 2023, and Akfen Renewable Energy shares with a total nominal value of TRY 340,370,703 (33.5% of the capital) were offered to the public. As a result, as of June 30, 2023, Akfen Holding's share in Akfen Renewable Energy was 66.5%.

(Convenience translation of the limited auditors' report and consolidated financial statements originally issued in Turkish)

## **Akfen Holding Anonim Şirketi**

### **Notes to the Consolidated Financial Statements as at and For the Period ended June 30, 2023**

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

#### **1. ORGANIZATION AND NATURE OF OPERATIONS OF THE COMPANY (cont'd)**

##### **i) Subsidiaries (cont'd)**

##### ***Akfen Renewable Energy (cont'd)***

##### ***HEPP Companies***

As of June 30, 2023, the HEPP Companies have a total installed capacity of 228,7 MW and an annual power generation capacity of 894,9 GWh, with generation operations going on in 12 power plants.

As of June 30, 2023; Akfen Renewable Energy has 4 subsidiaries it owns directly and via companies within the same controlling structure under HEPP Companies, namely Bt Bordo, Elen, HHK and Yeni Doruk. All the shares of Kurtal Elektrik Üretim A.Ş., (7 MW Çiçekli HEPP) a subsidiary of Akfen Renewables, were transferred on December 28, 2022.

##### ***WPP Companies***

As of June 30, 2023; Akfen Renewable Energy has 7 subsidiaries it owns directly and via companies within the same controlling structure under WPP Companies, namely, İmbat Enerji A.Ş., Kanat Enerji A.Ş., Pruva Enerji A.Ş., Derbent Enerji Üretim Paz. İth. ve İhr. A.Ş., Isider Enerji Üretim Paz. İth. ve İhr. A.Ş., Korda Enerji Üretim Paz. İth. ve İhr. A.Ş. and Kovancı Enerji Üretim Paz. İth. ve İhr. A.Ş.

As of June 30, 2023, a WPP project with a total installed power of 348.9 MW is in operation.

##### ***SPP Companies***

As of June 30, 2023, SPP Companies continue to work on a portfolio of projects with a total installed power of 121.4 MW, consisting of 26 MW unlicensed and 95.4 MW licensed projects. In this context, there are 33 project companies, Akfen Renewable, excluding two of these companies (Me-Se Elektrik Üretim A.Ş. ("Me-Se") 80%, Solentegre Enerji Yatırımları Tic. A.Ş. (Solentegre)% 90) has 100% of the rest.

All of the HEPP Companies projects in Akfen Renewable's portfolio, with the exception of Sırma HEPP, are within the scope of The Law On The Utilization Of Renewable Energy Resources For The Purpose of Generating Electrical Energy. Projects included in this scope have the right to benefit from the government's guarantee of purchasing a minimum of 7,3 USD cents/kWh from generation for 10 years from the date commissioning, if they obtain a Renewable Energy Resources Certificate and complete their investments by 30 June 2021. Within the scope of the aforementioned support mechanism, WPP portfolio can benefit a purchasing guarantee over 7,3 USD cents/kWh while the SPP portfolio can benefit a purchasing guarantee of 13,3 USD cents/kWh. It is regulated that the holders of WPP certified generation licenses subject to the Renewable Energy Resources ("YEK") support mechanism ("YEKDEM") that will be put into operation from January 1, 2021 to June 30, 2021, can benefit from the incentives regulated in Article 6 and Article 6/B of the Law on the Use of Renewable Energy Resources for the Purpose of Electricity Generation ("Law") until December 31, 2030 with the President's decision dated September 17, 2020 and numbered 2949 ("Decision"), published in the Official Gazette numbered 31248 on September 18, 2020 and entered into force on the same day. In the situation before the decision came into force, the incentives for the WPP support mechanism would only be applied to the WPP certified generation license holders that would go into operation before December 31, 2020. Within the scope of the relevant regulation, if the investments are completed by June 30, 2021, WPP companies can benefit from a minimum purchase guarantee of 7,3 USD cent/kWh, and SES companies a minimum of 13,3 USD cent/kWh. Within the scope of the same law, there are various domestic contribution additions in case of domestic equipment being used in the production facility. As of October 19, 2017, the application for Solentegre SPP project under Solentegre within the "Regulation on Supporting Domestic Parts Used in Facilities Producing Electric Energy from Renewable Energy Sources" has been evaluated positively and it was entitled a domestic contribution of 0,44 USD cent/kWh starting from 1 January 2018. However, the other licensed SPP in the Akfen Renewable portfolio are Me-Se, MT, Engil 208, Erciş and Yaysun, as of 1 January 2019, Engil 207 as of 1 January 2020, with 0,44 USD cent / kWhs and licensed WPP projects, as of 1 January 2020, Kocalar, Hasanoba, Üçpınar and Denizli have been entitled to receive a domestic contribution of 0,60 USD cent/kWh.

##### ***Akfen Construction***

Akfen Construction, one of the oldest companies in the group, was originally set up to realize the feasibility and engineering services of industrial facilities and has expanded its range of services with the manufacturing, installation and erection services of industrial plants.

So far, Akfen Construction has built a number of infrastructure, including airport terminals and associated infrastructure constructions, natural gas pipelines/distribution systems, hospitals, schools, hotels, student residences, residential housing projects, industrial power plants, hydroelectric power plants, water distribution, sewage systems and wastewater treatment plants project.



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## **Akfen Holding Anonim Şirketi**

### **Notes to the Consolidated Financial Statements as at and For the Period ended June 30, 2023**

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

#### **1. ORGANIZATION AND NATURE OF OPERATIONS OF THE COMPANY (cont'd)**

##### *i) Subsidiaries (cont'd)*

##### ***Akfen Construction (cont'd)***

Currently, Akfen Construction's field of activity are hospital Public Private Partnership projects via its subsidiaries Isparta Şehir Hastanesi Yatırım İşletme A.Ş., Eskişehir Şehir Hastanesi Yatırım İşletme A.Ş., Tekirdağ Şehir Hastanesi Yatırım İşletme A.Ş. (currently, three hospitals built with a Public Private Partnership model with a total bed capacity of 2,621), the dormitory via Hacettepe Teknokent Eği. Kli. Ar. Mer. Sağ. Ar-Ge Dan. Pro San. Tic. A.Ş. (2,264 bed capacity Hacettepe Student Residence) and construction/commitment projects with Haziran Investment and Mayıs Investment. The Joint Venture (Ordinary Partnership) was established by Akfen Construction and Dost İnşaat ve Proje Yönetimi A.Ş. with the ratio of 70%-30%, respectively, with the contract numbered 04301 dated March 27, 2023, which was signed by the Ankara 78th Notary Public. The Joint Venture (Ordinary Partnership) was established by Akfen İnşaat and Dost İnşaat ve Proje Yönetimi A.Ş. with the ratio of 55% to 45%, respectively, with the contract dated June 12, 2023 with the contract number 07976, which was signed by the Ankara 78th Notary Public. In addition, the Akfen Construction participated in the Renovation and Reconstruction tender of Sister of Mercy Hospital in Zagreb, Croatia, on 14 May, together with Dost Construction (with 60% Akfen Construction-40% Dost Construction partnership), and the offer was announced by the tender commission as the winning offer on August 3, 2022. As of 25 November 2022, following the completion of the necessary procedures, the project contract was signed and entered into force. The Company established a branch affiliated to Akfen İnşaat to carry out its Croatian business. Also Akfen İnşaat Bucharest branch was registered in Romania on June 8, 2023 for possible projects in Romania.

##### ***Akfen Tourism***

Akfen Tourism coordinates the Group's potential tourism investments. In this context; It operates Bodrum Loft holiday village, Big Chefs and Timboo Restaurants in Ankara Bulvar Loft, İncek Loft Ters Köşe Restaurant and Catering, the canteens of Isparta, Eskişehir and Tekirdağ City Hospitals and rental income is also obtained from the hotel in Uludağ. It also provides catering services in Ankara. With the decision of Akfen Tourism and Akınısı Board of Directors dated August 12, 2022, it has been decided that Akınısı, which owns the majority shares of the Company (99.99%), joins Akfen Tourism as a whole, without liquidation. As of August 22, 2022, the merger of Akfen Tourism and Akınısı was completed and Akınısı was dissolved without liquidation. However, all of Akfen Hospital's shares in Akfen Holding were transferred to Akfen Tourism on June 22, 2022, and as of this date, Akfen Tourism has become the sole shareholder of Akfen Hospital.

##### ***Akfen GPYŞ***

Akfen Real Estate Portfolio Management was established in 2017. The main field of activity of the company is the establishment and management of real estate investment funds within the framework of the Capital Market Law and relevant legislation.

##### ***Akfen Water***

Akfen Water Güllük started operations on August 24, 2006. All the shares of Akfen Su Güllük which is a wholly owned subsidiary of Akfen Su, were transferred to Hız Environment and Water Investments Inc. with all its rights and obligations on April 19, 2021.

In addition, Akfen Water employs new technologies in line with the needs of its customers to develop and manage sustainable and environmentally-friendly Solid Waste Management systems. Concluding its first contract on Solid Waste Services with İDO, Akfen Water also started to provide waste management services for City Hospitals projects run by the Republic of Turkey Ministry of Health within a Public-Private Partnership model. To this end, Akfen Water signed its first contract with Isparta Şehir Hastanesi Yapım ve İşletme A.Ş. and provides the services of managing waste management processes. Subsequently, Akfen Water also started to provide waste management services to Mersin Integrated Health Campus and Yozgat City Hospital projects. Furthermore, it began to provide hazardous and non-hazardous waste disposal and recycling services to MIP during 2016. Akfen Holding completed the purchase of 50% shares of TASK Water B.V. in Akfen Water on January 5, 2023 and Akfen Water, became a %100 subsidiary.

##### ***Other***

Among the subsidiaries of Akfen Holding, it was also established to develop an imported coal power plant in Adana-Yumurtalık with an electric power generation capacity of 615 MWm-600 MWe. Inactive Adana İpekyolu Enerji Üretim Tic. A.Ş, the inactive Akfen Enerji Gaz Santrali Yatırımları ve Ticaret A.Ş. and Akfen Güneş Enerjisi Yatırım ve İşletme A.Ş. companies. In addition, as of June 30 2023, Akfen Danışmanlık, Zeki İnşaat, Temmuz Investment, Ağustos Investment, Kasım Investment and Aralık Investment companies are also included in the Group as subsidiaries.

(Convenience translation of the limited auditors' report and consolidated financial statements originally issued in Turkish)

## **Akfen Holding Anonim Şirketi**

### **Notes to the Consolidated Financial Statements as at and For the Period ended June 30, 2023**

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

#### **1. ORGANIZATION AND NATURE OF OPERATIONS OF THE COMPANY (cont'd)**

##### **ii) Joint Ventures and financial investments**

###### ***Akfen REIT***

Akfen REIT was first incorporated on June 25, 1997 as a partnership of Hamdi Akın and Yüksel İnşaat A.Ş., to make domestic tourism investments, Akfen Holding then purchased Yüksel İnşaat A.Ş., shares in Aksel in 2006 and Akfen REIT became a subsidiary of Akfen Holding, The restructuring was registered on August 25, 2006 through the resolution of the CMB No, 31/894 of July 14, 2006 following the board resolution of April 25, 2006, thus transforming Akfen REIT into a "Real Estate Investment Trust", The acquisition of the trade name of Real Estate Investment Trust and the change in field of business were published on the Trade Registry Gazette of August 31, 2006.

The main field of business for Akfen REIT is to invest in real estate-based capital market instruments, establish and develop a real estate portfolio and engage in business for the purposes and subjects stated in Articles 23 and 25 of the CMB Communique on Principles Governing Real Estate Investment Trusts (Serial VI, No: 11), Akfen Holding, the controlling shareholder in Akfen REIT, signed a framework agreement with Accor, one of the world's leading hotel chains, to develop hotel projects in Turkey under the brand names Novotel and Ibis Hotel, Akfen REIT mainly develops hotel projects under brand names Novotel and Ibis Hotel and leases this out to Tamaris Turizm A.Ş., ("Tamaris"), a 100% affiliate of Accor operating in Turkey, Akfen REIT shares have been traded on BİAŞ under the share code "AKFGY" since May 11, 2011.

On February 21, 2007, the shares of Akfen Gayrimenkul Ticareti ve İnşaat A.Ş., ("Akfen GT"), an associate of Akfen Holding, were transferred to Akfen REIT over their nominal value, The main field of business for Akfen GT is to make real estate-based investments, and establish and develop a real estate portfolio, On May 31, 2011, Akfen REIT incorporated a subsidiary called Akfen Karaköy Gayrimenkul Yatırımları ve İnşaat A.Ş., ("Akfen Karaköy") in order to develop a hotel project in Karaköy, Istanbul. After the capital increase on May 18, 2018, the Group's direct and indirect ownership interest in Akfen Karaköy increased from 69.99% to 91.47%.

Akfen GT has 97.8% share of YaroslavInvest Limited Company ("YaroslavInvest"), Samstroykom Limited Company ("Samstroykom") and KaliningradInvest Limited Company ("KaliningradInvest"), which has hotel investments in Russia and 96.17% of Volgastroykom Limited Company ("Volgastroykom"), where the office investment in Russia is located, and 100% of Severnyi Avtovokzal Limited Company ("Severnyi"), which has a hotel investment in Moscow. The main fields of activity of these companies are to realize hotel and office projects in Russia.

As of June 30, 2023, the total number of rooms in the 21 hotels (December 31, 2022: 21 hotels) owned by Akfen REIT is 3,720 (December 31, 2022: 3,720) while the total number of beds corresponding to such number of rooms is 7,298 (December 31, 2022: 7,298). As of February 9, 2021, the acquisition of Akfen REIT's shares of Masanda Tourism (Bodrum Loft) and Isparta Dormitory (Kütahya and Isparta dormitories) has been completed. Thus, the company added a holiday village with a capacity of 92 rooms and two dormitories with a bed capacity of 7,840 to its portfolio. On June 30, 2021, with the registration of the merger, Isparta Yurt Yatırımları A.Ş. and Masanda Turizm Yatırımları A.Ş. was taken over by Akfen REIT, along with all its assets and liabilities.

Akfen GYO has purchased 51% shares of Fıratcan İnş. Turz. Tic. A.Ş. ("Fıratcan Tourism") on March 31, 2021 for a consideration of TRY 58,375,000 (EUR 6,200,000). With this purchase, the Company, with reference to the Lease Agreement for Areas Containing Buildings signed between Fıratcan Tourism and TCDD on 5 July 2018; Söğütlüçeşme train station located in Kadıköy, Istanbul, has the right to carry out the work within the scope of the High Speed Train Station project, 2 years permit-license, 2 years construction period and 28 years operating lease. In this context, the Company has undertaken the Söğütlüçeşme High Speed Train Station Project to TCDD, and viaduct, train station, commercial area and parking lot will be built within the scope of the project. Within the scope of the project change on September 6, 2022, the contract was renewed and its term was extended until 2051.

Akfen GYO purchased a 22,197 square meter land in Bodrum Yalıkavak on September 15, 2022, with all licenses and permits ready. It is planned to develop and build a villa project on the relevant land and to sell the completed villas.

Akfen GYO has purchased 100% shares of Gökliman Yatırım İnşaat Turizm ve Jeotermal Tic. A.Ş. ("Gökliman") from Akfen Gayrimenkul Portföy Yönetim A. Ş. 1. Gayrimenkul Yatırım Fonu'ndan ("Akfen GPYŞ 1. GMY Fonu") on December 29, 2022 for a consideration of TRY 477,000,000. Gökliman's main field of activity is to make and operate tourism investments, and there is a total of 83,624.59 m2 of land in Muğla province, Milas district, Kıyıkışlacık Neighborhood/Village, Gökliman Locality.

(Convenience translation of the limited auditors' report and consolidated financial statements originally issued in Turkish)

## **Akfen Holding Anonim Şirketi**

### **Notes to the Consolidated Financial Statements as at and For the Period ended June 30, 2023**

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

#### **1. ORGANIZATION AND NATURE OF OPERATIONS OF THE COMPANY** (cont'd)

##### **ii) Joint Ventures and financial investments** (cont'd)

###### **Akfen REIT** (cont'd)

On April 3, 2023, Akfen REIT was acquired Akfen Bafra Gayrimenkul Ticareti ve İnşaat A.Ş. ("Akfen Bafra"), a new wholly owned subsidiary. The main activity of the Company is to invest in real estate in Cyprus, to create and develop a real estate portfolio.

Akfen Holding's share became 30.37% after Akfen REIT's dedicated, paid-in capital increase completed as of February 9, 2021. After the paid capital increase on August 20, 2021, Akfen Holding's share became 23.94%. On November 14, 2022, Akfen REIT shares (10% of the capital) owned by Akfen Holding with a nominal value of TRY 129,990,000 were sold at a price of TRY 3.70, within the scope of wholesale transactions. After the sale, Akfen Holding's share became 13.94% and Akfen REIT's actual free float ratio increased to 44.5%

###### **MIP**

MIP was incorporated on May 4, 2007 by PSA-Akfen Holding Joint Venture Group, which submitted the highest bid and was awarded the contract on the transfer of operating rights for Mersin Port, which is owned by the Republic of Turkey State Railways ("TCDD"), for a period of 36 years during the tender held by the Republic of Turkey Presidency of Privatization Administration ("ÖİB"). Through the concession agreement signed with ÖİB and TCDD on May 11, 2007, MIP took over Mersin Port from TCDD to operate the port for a period of 36 years.

As at July 28, 2017, Akfen Holding signed an agreement with Global InfraCo SP NEUM SLU in order to sell its 40% stake in MIP, for a total consideration of USD 869 million. The sale has been completed as of October 27, 2017, after that date, the value of the MIP's retained stake has been recognized under financial investments with its fair value on the consolidated financial statements.

###### **TAV Investment**

TAV Investment was incorporated on July 1, 2005 to make investments in aviation and construction sectors. The main fields of business for TAV Investment are construction and car park operations, TAV Investment's subsidiary is TAV Tepe Akfen Yatırım İnşaat ve İşletme A.Ş. ("TAV Construction").

Akfen Holding acquired its 21.68% share in TAV Investment Holding, Gazelle Yatçılık Gayrimenkul Turizm Otomotiv İç ve Dış Ticaret A.Ş. on May 29, 2019 for USD 500,000, based on the contract dated May 10, 2019. ("Gazelle Yatçılık") and the share transfer was notified to the company on June 12, 2019 for the transfer to be recorded in the share register. As of December 31, 2022 and 2021, since the transfer transaction has not been recorded in TAV Investment's share ledger, TAV Investment is accounted in the financial investments.

###### **İDO and MDO**

The tender held by Istanbul Metropolitan Municipality ("İBB"), the former controlling shareholder of İDO, for the block selling of İDO on June 16, 2011 was awarded to Tepe Construction, Akfen Holding, Souter and Sera Gayrimenkul Yatırım ve İşletme A.Ş. Joint Venture Group, İDO carries passengers and vehicles under the name "Sea Bus and Fast Ferry Lines" on intracity and intercity sea routes. Having a modern fleet of 50 vessels (24 sea buses, 21 ferryboats, 7 fast ferries and 1 service ships), İDO carries passengers and vehicles in Marmara Sea on a total of 16 lines. As of June 30, 2023, sea buses, fast ferries and ferryboats have a total capacity of 32,644 passengers in summer season and 26,598 passengers in winter season while presenting a vehicle capacity of 2,124 in both seasons.

Akfen Holding's share became 50% (other partner Tepe İnşaat with 50% share) after the share transfers made as of October 14, 2020, within the scope of the restructuring of the project financing completed in 2021 at the stage of completion of İDO. In this context, MDO, which will also operate in the field of marine transportation, was established on May 5, 2021, with 50%/50% equal shares, in partnership with Akfen Holding and Tepe İnşaat. With the restructuring completed on July 8, 2021, Akfen Holding and Tepe İnşaat transferred their shares in İDO to MDO and MDO became the 100% owner of İDO.

###### **Acacia Mine**

Asya Maden İşletmeleri A.Ş. was founded in 2007. In 2011, Akfen Group became a shareholder with a share of 30% in 2016. The Company still carries out its activities under the name of Acacia Maden İşletmeleri A.Ş. as a partnership of Akfen Holding, İlbak Holding and İzbir Madencilik A.Ş. The Company is constructing the Gökirmak copper mine project in the Hanönü district of Kastamonu province. As of March 15, 2019, Acacia Maden produced the first salable copper.

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## **Akfen Holding Anonim Şirketi**

### **Notes to the Consolidated Financial Statements as at and For the Period ended June 30, 2023**

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

#### **1. ORGANIZATION AND NATURE OF OPERATIONS OF THE COMPANY (cont'd)**

##### **ii) Joint Ventures and financial investments (cont'd)**

###### **Acacia Mine (cont'd)**

On July 22, 2022, Akfen Holding's shares in Acacia, constituting 4.5% of Acacia's total capital, were transferred to BMA Madencilik San. ve Tic. A.Ş. ("BMA Mining") (formerly; Bacacı Uluslararası Ticaret Yatırımları ve Yönetim A.Ş.). On March 31, 2023, the Company purchased 20% of Acacia Mine's shares from İzbir Mine, and its ownership rate increased to 45.5%.

###### **Travellex**

Travellex, which opened its first store in London in 1976, is the world's leading independent foreign exchange trading company. It operates in 12 locations in Turkey.

#### **2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS**

##### **2.1 Basis of Presentation of Financial Statements**

###### **Declaration of conformity**

The accompanying consolidated financial statements are prepared in accordance with Turkish Financial Reporting Standards ("TFRS") published by Public Oversight Accounting and Auditing Standards Authority ("POA") as set out in the Communiqué numbered II-14.1 "Communiqué on Principles of Financial Reporting in Capital Markets" published in the Official Gazette numbered 28676 on 13 June 2013. TFRSs consist of standards and interpretations which are published as Turkish Accounting Standards ("TAS"), Turkish Financial Reporting Standards, interpretations of TAS and interpretations of TFRS.

The consolidated financial statements are presented in accordance with "Announcement regarding with TFRS Taxonomy" which was published on 15 April 2019 by POA and templates defined in the Illustrative Financial Statements and User Guide published by Capital Markets Board of Turkey ("CMB").

The consolidated financial statements are approved by the Company's Board of Directors on August 25, 2023. The General Assembly of the Company has the right to amend and relevant regulatory bodies have the right to request the amendment of these consolidated financial statements.

###### **Going concern**

The Group has prepared its financial statements in accordance with the going concern principle.

###### **Principles of measurement**

The consolidated financial statements are issued over historical costs except for financial assets whose fair value differences are recognized in profit or loss and whose fair value differences are classified in other comprehensive income.

- Financial assets related to concession service agreements
- Derivative financial instruments at fair value through profit or loss,
- Power plants, buildings and lands classified as property, plant and equipment
- Investment properties

The determination of historical cost is generally based on the fair value of the amount paid for the assets at the acquisition date. The financial statements have been prepared on the historical cost basis, adjusted for the effects of inflation, which ended on 31 December 2004.

Fair value measurement principles are explained in Notes 10, 12 and 34.

In the announcement published by the Public Oversight Accounting and Auditing Standards Authority on January 20, 2022, it is stated that TAS 29 Financial Reporting in Hyperinflationary Economies does not apply to the TFRS financial statements as of December 31, 2021. No new announcement has been made by the POA regarding the application of inflation accounting, and in this respect, financial statements as of Junr 30, 2023 and December 31, 2022 are not adjusted for inflation in accordance with TAS 29.

(Convenience translation of the limited auditors' report and consolidated financial statements originally issued in Turkish)

## Akfen Holding Anonim Şirketi

### Notes to the Consolidated Financial Statements as at and For the Period ended June 30, 2023

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

#### 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

##### 2.1 Basis of Presentation of Financial Statements (cont'd)

###### Applicable currency and reporting currency

Akfen Holding, its subsidiaries operating in Turkey and its affiliates under joint control keep their accounting records and financial statements in TRY in accordance with the Turkish Commercial Code and the Tax Procedure Code. The attached consolidated financial statements are presented in TRY, the Company's reporting currency, and are issued in accordance with the TAS by taking legal accounting records as basis and creating the required adjustment and classification records.

As of June 30, 2023 and December 31, 2022, the functional currencies of subsidiaries, joint ventures and financial investments are as follows:

<u>Company</u>	<u>Functional Currency</u>
Akfen REIT	TRY
Akfen Renewable <sup>(1)</sup>	TRY
Akfen Water <sup>(2)</sup>	TRY
MDO	TRY
Akfen Construction	TRY
Akfen Danışmanlık	TRY
Akfen Tourism	TRY
Akfen GPYŞ	TRY
BİZ Mining <sup>(3)</sup>	TRY
Adana İpekyolu	TRY
Akfen Energy Gas	TRY
Akfen Solar Energy	TRY
Temmuz Investment	TRY
Ağustos Investment	TRY
Ayrı Gayrimenkul <sup>(4)</sup>	TRY
Zeki İnşaat	TRY
Kasım Investment <sup>(5)</sup>	TRY
Aralık Investment <sup>(5)</sup>	TRY
Acacia Mine	US Dollar

<sup>(1)</sup> The company acquired all the shares of EBRD and IFC in Akfen Renewable Energy on January 18, 2023 and became the 100% owner of the company. Therefore, Akfen Renewable Energy, a joint venture of the Company as of December 31, 2022, became a subsidiary as of June 30, 2023.

<sup>(2)</sup> The Company completed the purchase of 50% shares of TASK Water B.V. in Akfen Water on January 5, 2023. Therefore, Akfen Water, the joint venture of the Company as of December 31, 2022, became a subsidiary as of June 30, 2023.

<sup>(3)</sup> On January 2, 2023, the Company transferred 50% of BİZ Mining's shares which it owns all shares to İlbak Mining. Therefore, Biz Mining, a subsidiary of the Company as of December 31, 2022, became a joint venture as of June 30, 2023.

<sup>(4)</sup> It has been decided to transfer the shares of Ayrı Gayrimenkul to Akfen Gayrimenkul Portföy Yönetimi A.Ş. Birinci Gayrimenkul Yatırım Fonu'na ("Fon"). The aforementioned transfer transaction was completed on January 13, 2023, and 342,198,000 Ayrı Gayrimenkul shares belonging to Akfen Holding and 100,000 Ayrı Gayrimenkul shares belonging to Akfen Construction were transferred to the Fon. Therefore, as of December 31, 2022, Ayrı Gayrimenkul, a subsidiary of the Company, is not included in the Group assets as of June 30, 2023.

<sup>(5)</sup> It was established on March 14, 2023.

###### Principles for consolidation

The attached consolidated financial statements, which are all prepared in consistence with the principles set in the consolidated financial statements for the accounting years ended on June 30, 2023 and December 31, 2022, include the accounts for investments in equity-accounted joint ventures by Akfen Holding, the parent company, and its subsidiaries that are consolidated via the full consolidation method.

Subsidiaries and joint ventures are consolidated using the following methods:

###### Subsidiaries

Subsidiaries are exposed to, or are eligible for, returns on variable returns due to the relationship Akfen Holding invests in refers to the companies in which it has control authority because it has the ability to influence it with its power on the enterprise.

(Convenience translation of the limited auditors' report and consolidated financial statements originally issued in Turkish)

## Akfen Holding Anonim Şirketi

### Notes to the Consolidated Financial Statements as at and For the Period ended June 30, 2023

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

#### 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

##### 2.1 Basis of Presentation of Financial Statements (cont'd)

###### Subsidiaries (cont'd)

	June 30, 2023	June 30, 2023	December 31, 2022	December 31, 2022	
	Shareholding rate(%)	Voting rights	Shareholding rate(%)	Voting rights	Main Operations
<b>Direct subsidiaries</b>					
Adana İpekyolu	99.96	99.96	99.96	99.96	Inactive
Akfen Energy Gas	100	100	100	100	Inactive
Akfen Solar Energy	100	100	100	100	Inactive
Akfen Construction	100	100	100	100	Construction
Akfen Danışmanlık	100	100	100	100	Consultancy services
Akfen Tourism	100	100	100	100	Tourism/Restaurant administration Real estate portfolio management
Akfen GPYŞ	100	100	100	100	Inactive
Temmuz Investment	100	100	100	100	Inactive
Ağustos Investment	100	100	100	100	Inactive
Zeki İnşaat (*)	100	100	100	100	Inactive
Akfen Renewable Energy (1)	66.5	66.5	66.91	66.91	Energy
Akfen Water (2)	100	100	50	50	Solid waste services
Kasım Investment (3)	100	100	-	-	Inactive
Aralık Investment (3)	100	100	-	-	Inactive
BİZ Mining (4)	50	50	100	100	Inactive
Ayrı Gayrimenkul (5)	-	-	100	100	Inactive
<b>Indirect subsidiaries</b>					
Isparta City Hospital (6)	99.88	99.88	99.88	99.88	City hospital
Eskişehir City Hospital (6)	100	100	100	100	City hospital
Tekirdağ City Hospital (6)	100	100	100	100	City hospital
Hacettepe Teknokent (**)(6)	99.76	99.76	99.76	99.76	Dormitory management
Haziran Investment (6)	100	100	100	100	Inactive
Akfen Merter (6)	91.52	91.52	91.52	91.52	Real estate
Akfen Hospital (7)	100	100	100	100	City hospital services
Mayıs Investment (3)(6)	100	100	-	-	Inactive
Bt Bordo (8)	100	100	-	-	Energy-HEPP
Elen (8)	100	100	-	-	Energy-HEPP
H.H.K (8)	100	100	-	-	Energy-HEPP
Yeni Doruk (8)	100	100	-	-	Energy-HEPP
Ayna Energy (8)	100	100	-	-	Energy-SPP
Bahçe Energy (8)	100	100	-	-	Energy-SPP
Bahçeli Energy (8)	100	100	-	-	Energy-SPP
Batıkent Energy (8)	100	100	-	-	Energy-SPP
Beysukent Energy (8)	100	100	-	-	Energy-SPP
Çekirdek Energy (8)	100	100	-	-	Energy-SPP
Cihangir Energy (8)	100	100	-	-	Energy-SPP
Dalga Energy (8)	100	100	-	-	Energy-SPP
Devir Energy (8)	100	100	-	-	Energy-SPP
Düzey Energy (8)	100	100	-	-	Energy-SPP
Farez Electric (8)	100	100	-	-	Energy-SPP
Gökada Electric (8)	100	100	-	-	Energy-SPP
Günova Electric (8)	100	100	-	-	Energy-SPP
Hazine Energy (8)	100	100	-	-	Energy-SPP
İota Energy (8)	100	100	-	-	Energy-SPP
Jüpiter Energy (8)	100	100	-	-	Energy-SPP
Kızılay Energy (8)	100	100	-	-	Energy-SPP
Komsun Energy (8)	100	100	-	-	Energy-SPP
Me-Se Energy (8)	80	80	-	-	Energy-SPP
Mt Energy (8)	100	100	-	-	Energy-SPP
Murel Electric (8)	100	100	-	-	Energy-SPP
Neptün Energy (8)	100	100	-	-	Energy-SPP

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## Akfen Holding Anonim Şirketi

### Notes to the Consolidated Financial Statements as at and For the Period ended June 30, 2023

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

## 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

### 2.1 Basis of Presentation of Financial Statements (cont'd)

#### *Subsidiaries (cont'd)*

	June 30, 2023	June 30, 2023	December 31, 2022	December 31, 2022	
	Shareholding rate(%)	Voting rights	Shareholding rate(%)	Voting rights	Main Operations
<b>Indirect subsidiaries</b>					
Omicron Energy <sup>(8)</sup>	100	100	-	-	Energy-SPP
Plüton Energy <sup>(8)</sup>	100	100	-	-	Energy-SPP
Psi Energy <sup>(8)</sup>	100	100	-	-	Energy-SPP
Radon Electric <sup>(8)</sup>	100	100	-	-	Energy-SPP
Solentegre Energy <sup>(8)</sup>	90	90	-	-	Energy-SPP
Uranüs Energy <sup>(8)</sup>	100	100	-	-	Energy-SPP
Yaysun Electric <sup>(8)</sup>	100	100	-	-	Energy-SPP
Yeşildere Electric <sup>(8)</sup>	100	100	-	-	Energy-SPP
Yeşilvadi Electric <sup>(8)</sup>	100	100	-	-	Energy-SPP
Zengen Energy <sup>(8)</sup>	100	100	-	-	Energy-SPP
Zincir Energy <sup>(8)</sup>	100	100	-	-	Energy-SPP
İmbat Energy <sup>(8)</sup>	100	100	-	-	Energy-WPP
Kanat Energy <sup>(8)</sup>	100	100	-	-	Energy-WPP
Pruva Energy <sup>(8)</sup>	100	100	-	-	Energy-WPP
İsider Energy <sup>(8)</sup>	100	100	-	-	Energy-WPP

<sup>(1)</sup> The company acquired all the shares of EBRD and IFC in Akfen Renewable Energy on January 18, 2023 and became the 100% owner of the company. Therefore, Akfen Renewable Energy, a joint venture of the Company as of December 31, 2022, became a subsidiary as of June 30, 2023.

<sup>(2)</sup> The Company completed the purchase of 50% shares of TASK Water B.V. in Akfen Water on January 5, 2023. Therefore, Akfen Water, the joint venture of the Company as of December 31, 2022, became a subsidiary as of June 30, 2023.

<sup>(3)</sup> It was established on March 14, 2023.

<sup>(4)</sup> On January 2, 2023, the Company transferred 50% of BİZ Mining's shares which it owns all shares to İlbak Mining. Therefore, Biz Mining, a subsidiary of the Company as of December 31, 2022, became a joint venture as of June 30, 2023.

<sup>(5)</sup> It has been decided to transfer the shares of Ayrı Gayrimenkul to Akfen Gayrimenkul Portföy Yönetimi A.Ş. Birinci Gayrimenkul Yatırım Fonu'na ("Fon"). The aforementioned transfer transaction was completed on January 13, 2023, and 342,198,000 Ayrı Gayrimenkul shares belonging to Akfen Holding and 100,000 Ayrı Gayrimenkul shares belonging to Akfen Construction were transferred to the Fon. Therefore, as of December 31, 2022, Ayrı Gayrimenkul, a subsidiary of the Company, is not included in the Group assets as of June 30, 2023.

<sup>(6)</sup> It is a subsidiary of Akfen Construction.

<sup>(7)</sup> All of Akfen Hospital's shares in Akfen Holding were transferred to Akfen Tourism on June 22, 2022, and as of this date, Akfen Tourism has become the sole shareholder of Akfen Hospital and Akfen Hospital has become an indirect subsidiary of Akfen Holding.

<sup>(8)</sup> It is a subsidiary of Akfen Renewable Energy. Akfen Renewable Energy became an indirect subsidiary of the Company with the share purchase made on January 18, 2023.

<sup>(\*)</sup> 10.86% share belongs to Akfen Construction.

<sup>(\*\*)</sup> The Group controls the company by holding the majority of the voting rights.

#### **Joint agreements and financial investments**

Joint ventures are established through an agreement for the Company and its subsidiaries to undertake an economic activity in a way to be jointly managed by one or more enterprising partners.

In the equity method, the joint venture investment is initially recognized via the acquisition cost. Following the date of acquisition, the share of the investor in the profits or losses of the invested enterprise is reflected in the financial statements by increasing or decreasing the carrying amount of the investment. The share the investor will get from the profits or losses of the invested enterprise is recognized as the profit or loss of the investor. Any distributions (of dividend, etc.) received from an invested enterprise reduce the carrying amount of the investment. The carrying amount of the invested enterprise needs to be adjusted in a way to correspond to the share the investor gets from the changes in the other comprehensive income of the enterprise. The details of the Company's subsidiaries and financial investments as of June 30, 2023 and December 31, 2022 are as follows:

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## Akfen Holding Anonim Şirketi

### Notes to the Consolidated Financial Statements as at and For the Period ended June 30, 2023

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

#### 2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

##### 2.1 Basis of Presentation of Financial Statements (cont'd)

##### Joint agreements and financial investments (cont'd)

	June 30, 2023		December 31, 2022		Main Operations
	Shareholding rate (%)	Voting rights (%)	Shareholding rate (%)	Voting rights (%)	
<b>Financial investments</b>					
MIP	10	10	10	10	Port management Construction and parking management
TAV Investment	21,68	21,68	21,68	21,68	Currency trading activity
Travelex	10	10	10	10	Inactive
Tepe Akfen Reformer <sup>(1)</sup>	26	26	26	26	
<b>Joint ventures</b>					
Akfen Water <sup>(2)</sup>	-	-	50	50	Solid waste services
Akfen Renewable Energy <sup>(3)</sup>	-	-	66,91	66,91	Energy
MDO	50	50	50	50	Sea bus transportation
Acacia Mine <sup>(4)</sup>	45,5	45,5	25,5	25,5	Mine Real estate
Akfen REIT <sup>(5)</sup>	13,94	13,94	23,94	23,94	investment/Tourism
Biz Mining <sup>(6)</sup>	50	50	100	100	Inactive

<sup>(1)</sup> It is considered as a financial investment as it does not have a significant impact on the business.

<sup>(2)</sup> The Company completed the purchase of 50% shares of TASK Water B.V. in Akfen Water on January 5, 2023. Therefore Akfen Water, the joint venture of the Company as of December 31, 2022, became a subsidiary as of June 30, 2023.

<sup>(3)</sup> The company acquired all the shares of EBRD and IFC in Akfen Renewable Energy on January 18, 2023 and became the 100% owner of the company. Therefore, Akfen Renewable Energy, a joint venture of the Company as of December 31, 2022, became a subsidiary as of June 30, 2023. As of December 31, 2022 decisions regarding transactions that significantly affect the activities of companies are taken jointly by Akfen Holding and other partners. Therefore, these companies are accounted for as investments valued using the equity method as of December 31, 2022.

<sup>(4)</sup> After the share sale on July 22, 2022, the ownership rate of Acacia Mine decreased from 30% to 25.5%. On March 31, 2023, the Company purchased 20% of Acacia Mine's shares from İzbir Mine and the ownership rate increased to 45.5%.

<sup>(5)</sup> On November 14, 2022, Akfen REIT shares (10% of the capital) owned by Akfen Holding with a nominal value of TRY 129,990,000 were sold at a price of TRY 3.70, within the scope of wholesale transactions. After the sale, Akfen Holding's share became 13.94%.

<sup>(6)</sup> On January 2, 2023, the Company transferred 50% of BİZ Mining's shares which it owns all shares to İlbak Mining. Therefore, Biz Mining, a subsidiary of the Company as of December 31, 2022, became a joint venture as of June 30, 2023.

##### Combinations of businesses under joint control

Business combinations arising from the transfer of the shares of companies under the control of the shareholder that controls the Group are recognized like they took place at the beginning of the earliest comparative period offered, and, if it took place later, on the date the joint control is established. To this end, comparative periods are restated. Acquired assets and liabilities are recorded over the carrying amount registered in the consolidated financial statements of the shareholders under the Group's control. The shareholders' equity items for the acquired companies are added to the same items in the Group's equity except for the capital and the resulting profit or loss is recognized within equity.

##### Adjustment transactions in consolidation

Intra-group transactions and balances among the companies included in the consolidation are written off during consolidation. Unrealized profits and losses arising from transactions between the company and its consolidated subsidiaries and joint ventures are adjusted to the extent of the Group's share in the joint venture.

##### Business combinations for purchasing from third persons

Purchasing from third persons are recognized by using the purchasing method. Purchasing cost is calculated as the total of the fair values of assets, of the liabilities that arise or are assumed, and of the equity capital instruments issued to acquire the control of the affiliate as well as the total of other costs directly attributable to acquisition. In accordance with TFRS 3, identifiable assets, liabilities and conditional liabilities which meet the registration requirements are registered over their fair values.



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## **Akfen Holding Anonim Şirketi**

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(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

#### **2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**

##### **2.1 Basis of Presentation of Financial Statements (cont'd)**

###### **Foreign currency**

###### ***Foreign currency transactions***

Foreign currency transactions are translated into the functional currencies of the relevant Group companies over the exchange rate on the date when the transaction took place. Foreign currency-denominated monetary assets and liabilities are translated into the functional currency over the exchange rate on the reporting date. Foreign currency-denominated non-monetary assets and liabilities that could be measured by their historical costs are translated over the exchange rate on the transaction date. Exchange differences due to translation are recorded in the consolidated other comprehensive income statement.

Group companies prefer to use USD or TRY as the functional currency since they are widely used or have a significant impact on the operations of the relevant Group companies and reflect the key economic events and developments pertaining to such companies. All currencies except for the currency used to measure the items in financial statements are called a foreign currency. As per the relevant provisions of TAS 21 (Effects of Changes in Foreign Exchange Rates) standard, transactions and balances not calculated over the functional currencies are re-calculated over the relevant currencies, The Group adopts TRY as the reporting currency.

The assets and liabilities of Group companies that employ a functional currency other than the Group's reporting currency are translated into the Group's reporting currency over the exchange rate on the balance sheet date. The income and expenditures of such Group companies are translated into the reporting currency over the average exchange rate for the period. Equity capital items are reported over their cost value. Foreign currency translation differences are indicated in the equity capital under the item "Foreign currency translation difference". When the relevant Group companies are disposed of partially or fully, the relevant amount under "foreign currency translation difference" is classified into consolidated profit or loss.

As of June 30, 2023 and December 31, 2022, the period-end exchange rates are as follows:

	<b>Euro</b>		<b>US Dollar</b>	
	<b>Asset</b>	<b>Liability</b>	<b>Asset</b>	<b>Liability</b>
June 30, 2023	28.1540	28.2048	25.8231	25.8696
December 31, 2022	19.9349	19.9708	18.6983	18.7320

###### ***Foreign operations***

Assets and liabilities from operations abroad including fair value adjustments due to acquisition as well as goodwill are translated into TRY over the exchange rates on the reporting date. Income and expenditures from operations abroad are translated into TRY over the average rates for the relevant period.

Foreign currency translation differences are recorded under foreign currency translation differences under equity. In the event that operations abroad are sold out partially or fully, the relevant amount in the foreign currency translation difference is transferred to the profit or loss.

###### **Comparative information and the adjustment of consolidated financial statements from previous periods**

The attached consolidated financial statements are compared to the previous period in order to identify trends in the financial position, performance and cash flow of the Group. In order to ensure comparability if the way the items in the consolidated financial statements are represented or classified changes, consolidated financial statements from the previous periods are also re-classified accordingly and explanations are provided on such matters.

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## **Akfen Holding Anonim Şirketi**

### **Notes to the Consolidated Financial Statements as at and For the Period ended June 30, 2023**

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

#### **2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS** *(cont'd)*

##### **2.2 Summary of Significant Accounting Policies**

###### **Inventories**

The Group's inventories mainly include the costs of construction projects in progress and the units available for sale. Inventories are measured at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

###### **Tangible fixed assets**

###### ***Accounting and measurement***

Tangible fixed assets purchased until December 31, 2004 are adjusted for inflation in TRY denomination as of December 31, 2004 in compliance with TAS 29. Accordingly, tangible fixed assets are indicated by deducting accumulated depreciation and permanent losses in value from the historical costs under inflation. Tangible fixed assets purchased starting from January 1, 2005, on the other hand, are indicated by deducting accumulated depreciation and permanent losses in value from their historical costs. The power plants in the fixed assets of Akfen Renewables, which became a subsidiary of the Group in 2023, are recognised for using the revaluation method. In addition, lands and buildings at Akfen Construction are presented at their fair value at the revaluation date, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The Group has obtained a valuation report for the power plants from an independent valuation firm authorized by the CMB on 31 December 2022 and has taken the fair values determined in its working as a basis. The discount rate used to calculate the discounted cash flows included in the valuations and impairment calculations of power plants is 13,6%, which is the after-tax Weighted Average Cost of Capital (WACOC).

Increases in property, plant and equipment as a result of revaluation are credited after the deferred tax effect is netted on the revaluation fund account in the equity group in the statement of financial position. The difference between the depreciation calculated over the carrying values of the revalued assets (depreciation charged to the profit or loss statement) and the depreciation calculated over the acquisition cost of these assets is transferred from the revaluation fund to the accumulated profit/loss after the deferred tax effect is netted each year. The same applies to disposal of property, plant and equipment.

The revaluation gap is recognized in the statement of profit or loss, except that it offsets the current increase on the same asset recognized in the item of property, plant and equipment revaluation increases.

Normal maintenance and repair expenses incurred on a property, plant and equipment are recognized as an expense. Investment expenditures that increase the capacity of the tangible fixed asset and increase the future benefit from it are added to the cost of the tangible fixed asset and depreciated over the remaining estimated useful life of the tangible fixed asset.

The cost reflects those expenditures that are directly related to the acquisition of the asset concerned. The cost of the assets constructed by the Group includes the material costs, labor costs and the costs directly related with making that asset available for the use of the Group as well as the costs for disassembly and replacement of parts and the costs for the restoration of the space such parts are in. Any software purchased in order to use the relevant equipment is capitalized as a part of that equipment. Items constituting tangible fixed assets are recognized as separate items (basic components) of tangible fixed assets if they have different economic lives.

Profits or losses regarding the disposal of tangible fixed assets are determined by comparing the disposal fee and the registered value of the asset concerned and are registered in the consolidated comprehensive income statement under "income and profits/(expenditures and losses) from investment operations".

###### ***Subsequent expenses***

Expenses arising from replacing any part of tangible fixed assets and including research and maintenance and repair costs can be capitalized if they increase the future economic benefit of the said tangible fixed asset. The registered values of the changed parts are removed from the records. All other expenses are recognized in profit or loss as they occur.

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## **Akfen Holding Anonim Şirketi**

### **Notes to the Consolidated Financial Statements as at and For the Period ended**

**June 30, 2023**

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

#### **2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**

##### **2.2 Summary of Significant Accounting Policies (cont'd)**

###### **Tangible fixed assets (cont'd)**

###### ***Depreciation***

Tangible fixed assets are depreciated and registered under profit or loss after the estimated surplus value is deducted by using the straight-line method of depreciation on the basis of the date of purchasing or installation according to the estimated useful lives of assets. Terrain and land are not depreciated.

Economic lives in the current period and previous periods are as follows:

<b><u>Description</u></b>	<b><u>Years</u></b>
Buildings	2-50
Furniture and fixtures	2-49
Machinery and Equipment	2-50
Vehicles	5
Special costs	15

Special costs are depreciated with straight-line method of depreciation over their relevant rental periods or economic lives, whichever is shorter.

Depreciation methods, economic lives and residual values are reviewed at the end of each accounting period.

###### **Intangible fixed assets**

###### ***Licenses and other intangible fixed assets***

Intangible fixed assets that are acquired by the Group and have a limited economic life are reflected after the accumulated amortization and accumulated impairments are deducted from historical cost.

###### ***Subsequent expenditures***

Other subsequent expenditures may be capitalized if they can increase the future economic benefit of the said intangible fixed asset. All other expenses within the enterprise including those related to goodwill and trademarks are indicated under profit or loss as they arise.

###### ***Amortization***

During their economic lives, intangible fixed assets are registered under profit or loss through the straight-line method of amortization starting from the date when they become available for use. Out of intangible fixed assets. Licenses are amortized within a range of 3-49 years while other intangible fixed assets are amortized within a range of 3-5 years.

###### **Goodwill**

Goodwill arising from the acquisition of subsidiaries is measured at cost less accumulated impairment losses. For purposes of impairment testing, goodwill is allocated to each of the cash-generating units (or groups of cash-generating units) that the Group expects to benefit from the synergies of the combination.

A cash-generating unit to which goodwill is allocated is tested for impairment annually or more frequently when there is an indication that the unit is impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is first allocated to the other assets of the unit to reduce the carrying amount of the goodwill allocated to the unit, then the amount of each asset in the unit on a book basis.

Impairment losses are recognized in profit or loss. It is distributed first, which will reduce the carrying amount of any goodwill distributed to the CGU, and then reduced by the carrying amount of the other assets in the CGU.

An impairment loss recognized for goodwill is not reversed.

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## **Akfen Holding Anonim Şirketi**

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(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

#### **2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS** *(cont'd)*

##### **2.2 Summary of Significant Accounting Policies** *(cont'd)*

###### **Impairment of Tangible and Intangible Assets** *(cont'd)*

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets that have an indefinite useful life and that are not ready for use are tested for impairment at least once a year or if there is an indication of impairment. The recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use. Value in use is the present value of the expected future cash flows from an asset or cash-generating unit. In calculating value in use, a pre-tax discount rate is used, which reflects the value in use of money according to the current market assessment and the asset-specific risks that are not taken into account in estimating future cash flows. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

In accordance with the accounting policy for the intangible assets which have indefinite useful lives and goodwill, are reviewed for impairment annually or whenever events or changes in circumstances indicate impairment, by the Group. The recoverable amounts of the cash-generating units are determined using the methods of value in use. Certain estimates were used in these calculations.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

###### **Investment properties**

Investment properties are initially valued at their cost and recognized at fair value at each reporting date. Gains or losses on the disposal of investment properties (calculated as the difference between the net income from disposal and property, plant and equipment) are recognized in the income statement. Fair value increases are recognized in the income statement.

The Group classifies its rights regarding the lands it leased to develop investment property as investment property. In such a case, the right for the land in question is accounted for in the same way as leasing, and in addition, the fair value method is used for the land in question. Since the fair value determinations of the investment properties of the Group, which are developed above the leased lands, are made by deducting the lease fees to be paid for these lands from the estimated cash flows, the reduced values of the lease payable related to the lands are mutually accounted in the investment properties and borrowings accounts.

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(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

#### **2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS** (*cont'd*)

##### **2.2 Summary of Significant Accounting Policies** (*cont'd*)

###### **Leasing transactions**

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in TFRS 16.

This policy is applied to contracts entered into, on or after 1 January 2019.

###### **Group as a lessee**

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

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## **Akfen Holding Anonim Şirketi**

### **Notes to the Consolidated Financial Statements as at and For the Period ended June 30, 2023**

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

#### **2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS** *(cont'd)*

##### **2.2 Summary of Significant Accounting Policies** *(cont'd)*

###### **Leasing transactions** *(cont'd)*

###### **Group as a lessee** *(cont'd)*

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

###### *Short-term leases and leases of low-value assets*

The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

###### The Group as a lessor

The Group allocates the price in the contract on the basis of the relative stand-alone price for a contract that includes a lease component and one or more additional lease components or non-lease components, at the inception of the contract or when the contract containing the lease component is modified.

When the Group is in the position of lessor, it classifies each of the leases as operating leases or finance leases.

To classify each lease, the Group makes an overall assessment of whether the lease essentially transfers all the risks and rewards of ownership of the asset. A lease is a finance lease when it transfers risks and rewards; otherwise, it is an operating lease. As part of this assessment, the Group considers some other indicators, such as whether the lease term covers most of the economic life of the underlying asset.

When the Group is an intermediate lessor, it considers the main lease and the sublease separately. It evaluates the lease classification of a sublease by referring to the right-of-use asset arising from the lease, not by reference to the underlying asset. If a lease is a short-term lease to which the Group applies the exemption described above, it classifies the sublease as an operating lease.

###### **Right to use assets**

The Group recognizes the right of use assets on the date the lease commences (for example, as of the date when the asset is eligible for use). Right of use assets are calculated by deducting accumulated depreciation and impairment losses from the cost value. If the financial lease payables are revalued, this figure is adjusted.

The cost of the right-of-use asset includes:

- (a) the initial measurement of the lease liability,
- (b) the amount obtained by deducting all lease incentives received from all lease payments made on or before the effective date of the lease, and
- (c) all initial direct costs incurred by the Group.

Unless the transfer of ownership of the underlying asset to the Group at the end of the lease term is reasonably finalized, the Group depreciates the right of use asset from the effective date of the lease until the end of the useful life of the underlying asset.

Right of use assets are subject to impairment assessment.

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## **Akfen Holding Anonim Şirketi**

### **Notes to the Consolidated Financial Statements as at and For the Period ended June 30, 2023**

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

#### **2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS** (*cont'd*)

##### **2.2 Summary of Significant Accounting Policies** (*cont'd*)

###### *Financial Assets*

###### *Classification*

Group classifies its financial assets in three categories of financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through profit or loss. The classification of financial assets is determined considering the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The appropriate classification of financial assets is determined at the time of the purchase. Financial assets are not reclassified after initial recognition unless the business model that the Group uses in the management of financial assets has changed; In the event of a change in business model, the financial assets are reclassified on the first day of the following reporting period.

###### *Recognition and Measurement*

"Financial assets measured at amortized cost", are non-derivative assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Group's financial assets measured at amortized cost comprise "trade receivables", "other receivables" and "financial investments". Financial assets carried at amortized cost are measured at their fair value at initial recognition and by effective interest rate method at subsequent measurements. Gains and losses on valuation of non-derivative financial assets measured at amortized cost are accounted for under the consolidated statement of income.

"Financial assets reflected at fair value through other comprehensive income" are non-derivative instruments that are held within the scope of a business model that aims to collect contractual cash flows and sell the financial asset, and in which there are cash flows that include only interest payments arising from the principal and principal balance at certain dates in the terms of the contract. are financial assets. Gains or losses arising from the relevant financial assets other than impairment gains or losses and foreign exchange gains or expenses are reflected in other comprehensive income. In case the mentioned assets are sold, valuation differences classified to other comprehensive income are classified into previous years' profits. For investments in equity-based financial assets, the Group may irrevocably opt for the method of reflecting subsequent changes in fair value to other comprehensive income at initial recognition. In the event that the said choice is made, the dividends obtained from the relevant investments are accounted in the consolidated statement of profit or loss. The Group's financial assets, whose fair value difference is reflected in other comprehensive income, includes financial investments based on equity.

"Financial assets measured at fair value through profit or loss", are assets that are not measured at amortized cost or at fair value through other comprehensive income. Gains and losses on valuation of these financial assets are accounted for under the consolidated statement of income.

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## **Akfen Holding Anonim Şirketi**

### **Notes to the Consolidated Financial Statements as at and For the Period ended June 30, 2023**

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

#### **2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**

##### **2.2 Summary of Significant Accounting Policies (cont'd)**

###### *Financial Assets (cont'd)*

###### *Recognition and Measurement (cont'd)*

Financial assets at fair value through profit or loss also include “derivative instruments” and “financial assets related to concession agreements” in the statement of financial position. Derivative instruments are recognized as an asset if the fair value is positive and as a liability if the fair value is negative. Derivative instruments of the Company reflected in profit or loss consist of interest rate fixing contracts.

###### *Financial assets related to concession agreements*

Under concessionary service agreements, the operator has the unconditional right to collect cash if the grantor commits to the following payments:

- An amount determined or determinable in the contract or
- Contractually undertake to pay the gap, if any, between the amounts collected from public service users and the amounts determined or determinable.

Financial assets are measured at their fair value using the method of discounting the expected future use price returns to the present. Fair value losses or gains of financial assets are recognized in the profit or loss statement.

###### *Derecognition*

The Group derecognized a financial asset when the contractual rights to the cash flows from the asset expired, or it transferred the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset were transferred. Any interest in such transferred financial assets that was created or retained by the Group was recognized as a separate asset or liability.

The company derecognises a financial liability from the statement of financial position only when the liability related to that liability is eliminated or cancelled. In addition, the Company derecognises a financial liability from the statement of financial position in the event of a material change in the terms or cash flows of an existing financial liability. Instead, it requires the recognition of a new financial liability at its fair value based on the modified terms.

On derecognition of a financial liability, the difference between its carrying amount and the amount paid for that liability (including any non-cash assets transferred or any liabilities assumed) is recognized as profit or loss.

###### Offsetting of financial assets and liabilities

The Company offsets its financial assets and liabilities and presents the net amount in its financial statements only when it has a legal right to offset and intends to realize the transaction on a net basis or to realize the asset and settle the liability simultaneously.

###### *Impairment*

Impairment of the financial and contractual assets measured by using “Expected credit loss model” (ECL), The impairment model applies for amortized financial and contractual assets. Provision for loss measured as below; 12- Month ECL: results from default events that are possible within 12 months after reporting date. Lifetime ECL: results from all possible default events over the expected life of financial instrument Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since 12-month ECL measurement if it has not.

The Group may determine that the credit risk of a financial asset has not increased significantly if the asset has low credit risk at the reporting date. However, lifetime ECL measurement (simplified approach) always apply for trade receivables and contract assets without a significant financing.



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## **Akfen Holding Anonim Şirketi**

### **Notes to the Consolidated Financial Statements as at and For the Period ended**

**June 30, 2023**

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

#### **2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS** (*cont'd*)

##### **2.2 Summary of Significant Accounting Policies** (*cont'd*)

###### ***Trade Receivables***

Trade receivables, generated by the Group by providing goods or services to a buyer, are presented as netted off unaccrued financing income. Trade receivables that are not accrued after the unearned financing income are calculated by discounting the amounts to be obtained in the subsequent periods from the original invoice amount. Short-term receivables with no stated interest rate are measured at the cost value unless the effect of the original effective interest rate is significant.

In case there is objective evidence that there is no possibility of collection, the Group provides provision for doubtful receivables for trade receivables. The amount of this provision is the difference between the carrying amount of the receivable and the amount that can be collected. The amount that can be collected is the discounted value of all cash flows, including the amounts collected from guarantees and collateral, based on the original effective interest rate of the trade receivable.

After the collection of doubtful receivable, in case of collecting all or part of the doubtful receivable amount, the collected amount is deducted from the provisioned doubtful receivable and recorded in other income.

For the purpose of calculating the depreciation of trade receivables, which are accounted for at amortized cost and which do not include a significant financing component (less than 1 year), the simplified approach is implemented. In cases where the trade receivables are not impaired due to certain reasons (except for the realized impairment losses), the provision for losses related to trade receivables are measured by an amount equal to the expected loan losses.

###### **Financial liabilities**

The Group's financial liabilities consist of borrowings, trade payables and other payables. Financial liabilities are measured at fair value at initial recognition. Transaction costs directly attributable to the underwriting of the relevant financial liability are also added to the aforementioned fair value. These financial liabilities are subsequently measured at amortized cost using the effective interest method.

###### ***Financial liabilities and borrowing costs***

Financial liabilities are recognized initially at the proceeds received, netted off transaction costs incurred. Financial liabilities are followed in the consolidated financial statements with their discounted values calculated with effective interest rate.

Financial liabilities are debts arising from the disappearance of this obligation, the expiration of the cancellation period and the situation is derecognized.

###### ***Trade payables***

Trade payables are the debts arising from the purchase of products and services directly from the suppliers. Trade payables and other liabilities are carried at amortized cost. Trade payables and other liabilities after unaccrued financial expenses are calculated by discounting the amounts payable from the original invoice value in the following periods by using the effective interest method. Short-term payables with no stated interest rate are measured at cost unless the effect of the original effective interest rate is significant.

###### **Cash and cash equivalents**

Cash and cash equivalents are cash in hand, demand deposits and other short-term investments with a maturity of 3 months or less than 3 months, which are easily convertible into cash and do not carry a significant risk of change in value. Bank deposits with a maturity of longer than 3 months and less than 1 year are classified as short-term financial investments.

###### **Equity**

###### ***Ordinary shares***

Ordinary shares are classified as equity. The additional costs directly associated with the export of ordinary shares and stock options are recognized as a decrease in equity after deducting the tax effect.

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#### **2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS** (*cont'd*)

##### **2.2 Summary of Significant Accounting Policies** (*cont'd*)

###### **Employee benefits**

###### ***Provision for severance pay***

In accordance with existing labor law in Turkey, the Group is required to make payments of certain amounts to employees who have completed one year of service and who quite due to causes such as retirement and military service or who die. Provision for severance pay represents the present value of future probable obligation of the Group arising from the retirement of employees on a 30-day basis. Provision for severance pay is calculated on the assumption that all employees will receive such payment, and it is recognized in the consolidated financial statements on an accrual basis. Provision for severance pay is calculated in accordance with the severance pay cap announced by the Government. All actuarial gains and losses are recognized under other comprehensive income.

###### **Provisions**

Provisions are recognized when the Group has a present legal or constructive obligation because of past events, it is probable that an outflow of resources involving economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are calculated by discounting the estimated future cash flows at a pre-tax discount rate to be computed in consideration of the impact of time value of money and the risks associated with such obligation.

###### **Revenue**

###### ***Revenue from customer contracts***

Group started to use the following five-stage model in the recognition of revenue in line with the TFRS 15 "Revenue from Customer Contracts Standard".

- Defining contracts with customers
- Defining performance obligations in contracts
- Determining the transaction price in the contracts
- Distribution of transaction price to performance obligations
- Recognition of revenue

According to this model, first of all, the goods or services promised in each contract made with the customers are evaluated and each commitment made for the transfer of the said goods or services is determined as a separate performance obligation. Afterwards, it is determined whether the performance obligations will be fulfilled over time or at a certain time.

If the Group transfers control of a good or service over time and therefore fulfills the performance obligations related to the related sales over time, it measures the progress towards the full fulfillment of the said performance obligations and recognizes the revenue in the consolidated financial statements over time. Revenue related to performance obligations in the form of goods or service transfer commitments are recognized when the control of the goods or services is taken over by the customers.

The Group, while evaluating the transfer of control of the goods or services sold to the customer,

- a) Ownership of the Group's right to collect on goods or services
- b) The customer's ownership of the legal ownership of the goods or services
- c) Transfer of possession of goods or services,
- d) The customer's ownership of significant risks and rewards arising from owning the property or service,
- e) It takes into account the customer's acceptance of goods or services.

The Group accounts for a contract with a customer within the scope of TFRS 15, only if all of the following conditions are met.

- In case the parties of the contract approve the contract and undertake to perform their own actions.
- In case the company can define the rights regarding the goods or services to be transferred by each party.
- Where the company can define payment terms for the goods or services to be transferred.
- Where there is a contract of commercial importance.
- In the event that the company will collect a price for goods or services to be transferred to the customer.

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## **2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS** *(cont'd)*

### **2.2 Summary of Significant Accounting Policies** *(cont'd)*

#### **Revenue** *(cont'd)*

##### Sale of goods

In cases where significant risks and returns of revenue are transferred to the customer, the probability of recovery of goods, associated costs and possible return of goods can be reliably calculated, and in the absence of an ongoing management relationship with the goods, the amount of income can be measured reliably. Revenues; Buy-backs, sales discounts, volume discounts are measured.

The timing of risks and transfer of services varies depending on the terms of the sales contract.

##### Construction contracts

Contract revenue includes any difference, claim, incentive payments within the contract that may result in revenue or is likely to be measured reliably in addition to the initial amount accepted in the contract.

If the outcome of the construction contract can be estimated reliably, the contract revenue is recognized in the income statement in proportion to the stage of completion of the contract.

The completion stage of the work is measured by reference to a work study performed. Otherwise, contract revenue is recognized only at the cost of the contract which is likely to be collected.

Contract costs are recognized as they are incurred unless they create an asset related to future contract activities. An expected loss in a contract is immediately recognized in profit or loss.

##### Service concession agreements

TFRS Interpretation 12 provides an overview of the infrastructure investments made by companies (operators) that have acquired the right to operate for a certain period by signing a concession agreement with the public and how the services they provide during the operation should be accounted for. It requires the operators to account for the investments made in the scope of TFRS Comment 12 as financial assets and / or intangible assets in accordance with the terms of the agreement instead of accounting for the investments as buildings, fixed assets and fixtures. The Company recognizes the amount calculated as per the construction model based on the service concession agreement as a financial asset, as it is a guaranteed income in the contract made with the Ministry of Health. The accounting policy for the measurement and classification of financial assets is included in 2. Note "Classification and Measurement - Financial Assets" (Isparta City Hospital, Eskisehir City Hospital and Tekirdağ City Hospital).

#### ***Electricity sales revenues***

The Group carries out its activities in accordance with the Electricity Market Law No. 6446, the Electricity Market License Regulation of EMRA, the Electricity Market Balancing and Settlement Regulation ("EMBSR") and other relevant legislation.

Electricity sales are recognized as revenue during electricity distribution on an accrual basis. In the case of YEKDEM revenues, electricity sales are recorded according to the service rendered at the rates specified under YEKDEM. In case of income other than YEKDEM, electricity sales are recorded based on the service delivered, but at market rates and prices.

The Group has defined the sale of electricity as a performance obligation. Since the billed amounts reasonably represent the value to customers of the performance obligations fulfilled to date, the identified performance obligations were evaluated and determined to be fulfilled over time and eligible for billing. The transaction price is based on the actual price per mega-watt output. In licensed projects, sales subject to YEKDEM are generally invoiced on the 15-20th day of the following month, and the collections consisting of the difference between the YEKDEM sales price and the market clearing price are collected on the 25-30th day of the following month. In non-licensed projects, sales subject to YEKDEM are generally invoiced on the 15-20th day of the following month. All sales are collected on the 5th-8th day of the following month.

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## **Akfen Holding Anonim Şirketi**

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(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

#### **2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**

##### **2.2 Summary of Significant Accounting Policies (cont'd)**

###### **Revenue (cont'd)**

###### **Rent incomes**

Rental revenues from investment properties are recognized in the consolidated comprehensive income statement by using the straight-line method during the term of the rental agreement. Revenue is measured at the fair value of the consideration received or receivable. Income is realized when the economic benefits obtained by the Group and amount of the related income is measured confidently.

###### **Other transactions**

Income from delivered services is recognized in the consolidated comprehensive income statement in line with the completion rate of the transaction by the end of the reporting period.

###### **Government incentives**

Government incentives, including non-monetary government incentives measured by their fair values, are recognized in the consolidated financial statements when there is reasonable assurance that the entity will meet the conditions for obtaining them and that the incentives will be received by the entity.

Government incentives are presented in the financial statements in the same manner, even if they are obtained in cash or as a reduction of an obligation to the government.

Investment incentives are valued at their fair value if reasonable assurance is provided that the incentives will be received and that all conditions will be met. If the incentive is associated with an asset item, it is deducted during the calculation of the fair value of the asset. The incentive is recognized in profit or loss through the acquisition of rental income for the asset.

###### **Financing income and expenses**

Financing income includes interest income, exchange rate difference income, dividend income and gains from derivative instruments accounted for in profit or loss. Interest income is recognized in profit or loss on an accrual basis using the effective interest method.

Financing expenses include the interest expenses from bank loans, impairments accounted for in relation to financial assets (except for trade receivables), and the losses from ineffective portions of derivative hedge instruments accounted for in profit or loss. Borrowing costs which cannot be directly related to the acquisition, construction or production of an asset are recognized in profit or loss by using the effective rate of interest.

Rediscount and exchange rate difference income/expenses pertaining to trade transactions are recognized in other operating income and expenses.

###### **Earnings per share**

Earnings per share disclosed in the consolidated profit or loss statement are determined by dividing net income for the period from parent company shares by the weighted average number of shares outstanding during the period concerned.

In Turkey, companies can increase their share capital through a pro-rata distribution of shares (bonus shares) to existing shareholders from retained earnings and inflation adjustment. Such distribution of bonus shares is treated as issued shares in the calculation of earnings per share. Accordingly, the weighted average number of shares used in such calculations are determined by giving the said distribution of shares a retroactive effect.

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## **Akfen Holding Anonim Şirketi**

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**June 30, 2023**

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#### **2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS** *(cont'd)*

##### **2.2 Summary of Significant Accounting Policies** *(cont'd)*

###### **Taxes on income**

Taxes include current period income tax liabilities and deferred tax liabilities. Current tax is recognized in consolidated comprehensive income statement except for the taxes of items recognized directly in profit or loss.

Current tax is calculated over the taxable part of the income for the period. The current tax liability of the Group is calculated using the tax rates enacted at the reporting date.

Furthermore, provisional corporate taxes are paid at 20% (2022: 23%) over profits declared for interim periods in 2023 in order to be deducted from the final corporate tax.

With the "Law Amending the Tax Procedure Law and the Corporate Tax Law", which was accepted on the agenda of the Turkish Grand National Assembly on January 20, 2022, the application of inflation accounting was postponed starting from the balance sheet dated on December 31, 2023.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, except for the differences of non-tax deductible goodwill, and assets and liabilities that are not accountable and taxable and are recognized for the first time. Deferred tax is not recognized in the initial recognition of goodwill, the initial recognition of assets and liabilities that impact on neither financial profit nor commercial profit in transactions other than business combinations, and in differences pertaining to associates and joint ventures which are unlikely to be reversed in the near future. Deferred tax is calculated on the basis of laws applicable by the end of the reporting period and over the tax rates that are expected to be applied once temporary differences are reversed.

When the deferred tax assets and deferred tax liabilities are levied by the same taxation authority and there is a legally enforceable right to set off current tax assets against current tax liabilities and in the event that the acquisition of deferred tax assets and the performance of deferred tax liabilities are simultaneous, deferred tax assets and deferred tax liabilities can be offset.

For the temporary differences that are expected to be realized / closed in the deferred tax calculation, 20% tax rate is used in 2023.

Deferred tax assets, unused tax losses, tax benefits and deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized. Deferred tax assets are reviewed at each reporting period and their carrying amount is reduced to the extent that it is not probable that the relevant tax advantage will be available.

Deferred taxes arising from the fair value measurement for available-for-sale assets and their cash flow hedging is recognized in profit or loss before being recognized in consolidated comprehensive income statement together with other deferred gains that are previously recognized.

Out of the investment incentives the Group enjoys, those that ensure a corporate tax rebate are recognized under TAS 12.

The current tax amounts to be paid are offset with the prepaid tax amounts since they are related to corporate tax. Deferred tax asset and liability are also offset individually for each company.

Tax arrangements in Turkey do not allow a parent company and its subsidiaries to submit consolidated tax statements. Therefore, tax provisions are calculated on a company basis as reflected in the consolidated financial statements attached.

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## **Akfen Holding Anonim Şirketi**

### **Notes to the Consolidated Financial Statements as at and For the Period ended June 30, 2023**

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

#### **2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS** *(cont'd)*

##### **2.2 Summary of Significant Accounting Policies** *(cont'd)*

###### **Related parties**

For the purpose of the accompanying consolidated financial statements, shareholders, key management and board members, in each case together with companies controlled by or affiliated with them, and associated companies are considered and referred to as related parties.

A related party is a person or entity that is related to the entity that is preparing its financial statements.

- (a) A person or a close member of that person's family is related to a reporting entity if that person:
  - (i) has control or joint control over the reporting entity;
  - (ii) has significant influence over the reporting entity; or
  - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- (b) An entity is related to a reporting entity if any of the following conditions applies
  - (i) The entity and the reporting entity are members of the same group
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
  - (vi) The entity is controlled or jointly controlled by a person identified in (a).
  - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

The Group has determined its senior management staff as members of the board of directors, general manager and assistant general managers.

###### **Segment reporting**

Operating segments are segments of the Group which engage in operating activities from which the Group can reap revenues and through which it can make expenditures, the operating results of which are regularly reviewed by the chief operating decision maker of the Group for allocating resources and assessing performance of the operating segments, and for which there are separate financial information.

###### **Determination of fair values**

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability. Fair value, according to valuation techniques used is classified into these following levels:

Level 1: For identical assets or liabilities in active markets (unadjusted) prices;

Level 2: 1st place other than quoted prices and asset or liability, either directly (as prices) or indirectly (i.e. derived from prices) observable data;

Level 3: Asset or liability is not based on observable market data in relation to the data (non- observable data).

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#### **2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**

##### **2.2 Summary of Significant Accounting Policies (cont'd)**

###### **Determination of fair values (cont'd)**

While the fair value of the receivables or payables arising from the transactions made for interest rate swap transactions is at level 2 according to the discounted cash flow approach from valuation method techniques; The fair value of financial assets related to concession agreements is evaluated within the scope of level 3.

Movement table regarding the change in fair values is given in Note 10.

The fair value of other long-term investments, the details of which are given in Note 22, are within the scope of level 3 according to the income discount approach method, which is one of the valuation method techniques.

###### **Accounting evaluation, estimation and assumptions**

In the preparation of consolidated financial statements; The Group management has made judgments, estimates and evaluations affecting the application of the Group's accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and assessments are reviewed continuously. Adjustments regarding the estimates are made prospectively.

Information on the accounting policies, assumptions and judgments made in applying the estimates that have the most significant impact on the amounts presented in the financial statements are presented in the following notes:

###### *Financial assets related to concession agreements*

Group's financial assets are recognized in the financial statements covered by the Republic of Turkey Health Ministry, signed City Hospital Agreement Pursuant During the City Hospital are entitled to charge a fee on the use of compatible concession infrastructure with the construction of the model. The Company management makes important estimates and assumptions for inflation and exchange rates during the contract period in order to calculate receivables from concession contracts.

As of June 30, 2023, the discount rate used in the fair value calculation is 10.72% (December 31, 2022: 10.72%) (Euro) for Eskişehir City Hospital, 11.04% (December 31, 2022: 11.04%) (Euro) for Tekirdağ City Hospital and 11.96% (December 31, 2022: 11.96%) (USD) for Isparta City Hospital. For inflation and exchange rate estimates, fair value calculations are made with different scenarios and the average value is accepted as the final result.

###### *Revaluation of power plants*

The Group has chosen the revaluation model, one of the application methods in TAS 16, as its accounting policy in order to present the power plants with their fair values. As of 31 December 2022, the Group obtained a valuation report from an independent valuation company and brought its plants to their revalued values.

In the valuation studies, "income reduction method- FNA Analysis" was applied. Income reduction method- The most basic assumptions affecting the valuation within the framework of "DNA Analysis"; (i) the weighted average cost of capital ratio (discount rate) used to discount expected future cash flows to the present; average YEKDEM and market electricity sales price and (iii) electricity production amount. The values of these assumptions used in the valuation study are as follows. In the period subject to YEKDEM, the larger of the YEKDEM and the market electricity sales were taken into account.

- Discount rate: 13,6%
- Average market electricity sales price (USD c /kWh, nominal): 9,95 (Average price in the 2023-2040 period and increased by an annual average of 2,5% after 2040.)
- YEKDEM electricity sales price range (USD c /kWh, real): 7,3 – 13,74
- Total annual electricity generation: 1.801 GWh

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#### **2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**

##### **2.2 Summary of Significant Accounting Policies (cont'd)**

###### *Financial assets related to concession agreements (cont'd)*

###### *Business model assessment*

Classification and measurement of financial assets depends on the results of the SPPI and the business model test (Note 10). The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortized cost or fair value through other comprehensive income that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

###### *Determining the fair value of equity instruments*

The Group has classified and recorded the MIP, Travelex, TAV Investment and TAR shares held in the accompanying consolidated financial statements as financial assets at fair value through other comprehensive income/ expense. MIP, Travelex, TAV Investment and TAR financial investments carried at fair value are important in terms of financial statements and valuation studies require expertise. Valuations are made in accordance with market conditions, taking into account similar company multipliers, discount rates, current market transactions return and sales prices. In these estimates and assumptions, changes that may occur in the future may have a significant impact on the Group's consolidated financial statements

###### *Deferred taxes*

Deferred tax assets and liabilities are recorded using substantially enacted tax rates for the effect of temporary differences between book and tax bases of assets and liabilities. Currently, there are deferred tax assets resulting from operating loss carry-forwards and deductible temporary differences, all of which could reduce taxable income in the future. Based on available evidence, both positive and negative, it is determined whether it is probable that all or a portion of the deferred tax assets will be realized. The main factors which are considered include future earnings potential; cumulative losses in recent years; history of loss carry-forwards and other tax assets expiring; the carry-forward period associated with the deferred tax assets; future reversals of existing taxable temporary differences; tax-planning strategies that would, if necessary, be implemented, and the nature of the income that can be used to realize the deferred tax asset. If based on the weight of all available evidence, it is the Group's belief that taxable profit will not be available sufficient to utilize some portion of these deferred tax assets, then some portion of or all of the deferred tax assets are not recognized. The Group has not recognized deferred tax assets because it is in the development stage and it is not apparent that taxable profit will be available sufficient to recognize deferred tax assets. If future results of operations exceed the Group's current expectations, the existing unrecognized deferred tax assets may be recognized, resulting in future tax benefits.

###### *Derivative instruments*

Derivative instruments are first recorded at their acquisition cost reflecting their fair value at the contract date and are valued at fair value in the following periods. The derivative instruments of the Group are mainly composed of interest rate swap transactions. Although these derivatives provide effective protection against risks for the Group economically, when they do not meet the necessary conditions in terms of risk accounting, they are accounted as trading derivatives in the consolidated financial statements and the fair value changes related to them are reflected in the consolidated statement of profit or loss. Income related to swap transactions realized at the relevant maturities based on interest rate swap transactions are netted off with loan interest expenses and accounted for in the profit or loss statement.



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## **2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**

### **2.2 Summary of Significant Accounting Policies (cont'd)**

#### *Hedging instruments*

Transactions in foreign currencies cause exchange rate risk.

The Group is exposed to exchange rate risk due to changes in the exchange rates used in the conversion of foreign currency assets and liabilities into Turkish Lira. Currency risk arises due to the difference between the assets and liabilities recorded in future commercial transactions. In this framework, the Group controls this risk with a natural method that occurs by netting foreign currency assets and liabilities. The management analyzes and monitors the foreign currency position of the Group and ensures that measures are taken when necessary.

In order to ensure that the effect of foreign exchange gains and losses arising from changes in foreign exchange rates on the Group's financial statements is reflected within the scope of the periodicity principle of accounting; Hedging Accounting is applied within the scope of TFRS 9 of the Group. The Group uses the foreign currency based investment loan as a hedging instrument against the USD/TRY spot currency risk, which is exposed due to its highly probable estimated USD income. As a result of the effectiveness test carried out in this context, the Group determined that the entire transaction was effective and applied cash flow hedge accounting.

### **2.3 Changes in accounting policies**

#### **The new standards, amendments and interpretations which are effective as at June 30, 2023 are as follows: Changes that have entered into force and have been implemented**

The amendments that have entered into force for accounting periods beginning on or after January 1, 2023 are as follows:

- TAS 8 Amendments – Definition of Accounting Estimates
- TAS 1 Amendments – Disclosure of Accounting Policies
- TAS 12 Amendments – Deferred tax on assets and liabilities arising from a single transaction

These newly implemented standard amendments did not have a significant impact on the Group's consolidated financial statements.

#### **The new standards, amendments and interpretations that are issued by the IASB/ISSB but not issued by POA**

- IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures – Supplier Finance Arrangements

The standards, amendments and improvements above are not expected to have a material impact on the Group's consolidated financial statements.

#### **The new standards, amendments and interpretations issued but not yet effective and not early adopted:**

- TFRS 17 - The new Standard for insurance contracts
- Initial Application of TFRS 17 and TFRS 9-Comparative Information
- Amendments to TAS 1- Classification of Liabilities as Current and Non-Current Liabilities
- Amendments to TFRS 16 Leases-Lease liability in sales and leaseback transactions

The standards, amendments and improvements above are not expected to have a material impact on the Group's consolidated financial statements.

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## Akfen Holding Anonim Şirketi

### Notes to the Consolidated Financial Statements as at and For the Period ended June 30, 2023

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

#### 3. SHARE PURCHASES/SALES OF SUBSIDIARIES/JOINT VENTURES

##### Joint Venture Share Purchases

##### Akfen Water Share Purchase

On 5 January 2023, the Company acquired 50% of TASK Water B.V. shares in Akfen Water for TRY 17,708 and as of December 31, 2022, Akfen Water, the joint venture of the Company, became a subsidiary as of June 30, 2023. For the statement of financial position on the date of purchase, the date of December 31, 2022, which is the closest to the aforementioned date and where no significant change has occurred from this date to the date of purchase, is taken as a basis.

The financial statements of Akfen Water as of December 31, 2022 are as follows:

	Balance sheet of the acquisition (A)	Pre-purchase balance sheet (B)	Impact of purchase (A-B)
Assets	December 31, 2022	December 31, 2022	December 31, 2022
<b>Current Assets</b>	<b>52,816</b>	-	<b>52,816</b>
Cash and cash equivalents	7,250	-	7,250
Short term financial investments	39,413	-	39,413
Trade receivables	5,423	-	5,423
-Trade receivables from related parties	5,339	-	5,339
-Trade receivables from third parties	84	-	84
Current income tax assets	12	-	12
Other current assets	718	-	718
<b>Non-current Assets</b>	<b>12,222</b>	<b>29,459</b>	<b>(17,237)</b>
Other receivables	7,785	-	7,785
-Other receivables from related parties	7,785	-	7,785
Investments accounted using the equity method	-	29,459	(29,459)
Property, plant and equipment	321	-	321
Intangible assets	6	-	6
Deferred tax assets	2,352	-	2,352
Other non current assets	1,758	-	1,758
<b>Total assets</b>	<b>65,038</b>	<b>29,459</b>	<b>35,579</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>	<b>5,694</b>	-	<b>5,694</b>
Trade payables	4,431	-	4,431
- Trade payables to third parties	4,431	-	4,431
Other payables	681	-	681
- Other payables to third parties	681	-	681
Current provisions	558	-	558
- Provision for employee benefits	558	-	558
Other current liabilities	24	-	24
<b>Non-Current Liabilities</b>	<b>426</b>	-	<b>426</b>
Non-current provisions	426	-	426
- Provision for employee benefits	426	-	426
<b>Equity attributable to equity holders of the parent</b>	<b>58,918</b>	<b>29,459</b>	<b>29,459</b>
Issued capital	11,750	-	11,750
Effect of business combinations under common control	-	(9,562)	9,562
Other accumulated comprehensive income that will not be reclassified to profit or (loss)	143	108	35
- Losses on remeasurement of defined benefit plans	143	108	35
Other accumulated comprehensive income that will be reclassified to (loss) or profit	-	(6,456)	6,456
- Currency translation difference	-	(6,456)	6,456
Retained earnings	47,025	45,369	1,656
<b>Total liabilities</b>	<b>65,038</b>	<b>29,459</b>	<b>35,579</b>

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## Akfen Holding Anonim Şirketi

### Notes to the Consolidated Financial Statements as at and For the Period ended June 30, 2023

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

#### 3. SHARE PURCHASES/SALES OF SUBSIDIARIES/JOINT VENTURES (cont'd)

##### Joint Venture Share Purchases (cont'd)

##### Akfen Water Share Purchase (cont'd)

The difference between purchase price of Akfen Water and the net asset value at the date of purchase is recognised in the Group's financials as a gains from share sales of joint ventures as of June 30, 2023 and the value is as follows:

Akfen Water	On the date of purchase
Net asset value on the date of purchase	58,918
Share of shares purchased	%50
Value of the share purchased (A)	29,459
Purchase price (B) (*)	17,708
<b>Bargain purchase profit (A-B) (Note 30) (**)</b>	<b>11,751</b>

(\*) TRY 9,924 of the purchase price was realized in cash and the remaining as deduction from receivables.

(\*\*) Said bargain purchase has been recognised under investment activity expense (Note 30) as gains from the disposal of associates, joint ventures and financial investments or from changes in their shares in Group's consolidated financial statements.

Akfen Water	
Total purchase price – cash	9,924
Cash and cash equivalents – from Akfen Water	(7,250)
<b>Cash outflow from purchase, (net)</b>	<b>2,674</b>

##### Akfen Renewable Energy Share Purchase

Company acquired all shares of EBRD and IFC in Akfen Renewable Energy on January 18, 2023 and became the 100% owner of the company and Akfen Renewable, a joint venture of Company as of December 31, 2022, became a subsidiary as of June 30, 2023. For statement of financial position on date of purchase, date of December 31, 2022, which is closest to the aforementioned date and where no significant change has occurred from this date to purchase date, is taken as basis. Financial statements of Akfen Renewable as of December 31, 2022 are as follows:

	Balance sheet of the acquisition (A)	Pre-purchase balance sheet (B)	Impact of purchase (A-B)
Assets	December 31, 2022	December 31, 2022	December 31, 2022
<b>Current Assets</b>	<b>1,423,637</b>	-	<b>1,423,637</b>
Cash and cash equivalents	903,207	-	903,207
Trade receivables	451,176	-	451,176
-Trade receivables from third parties	451,176	-	451,176
Other receivables	3,048	-	3,048
-Other receivables from third parties	3,048	-	3,048
Prepaid expenses	60,135	-	60,135
Current income tax assets	2,159	-	2,159
Other current assets	3,912	-	3,912
<b>Non-Current Assets</b>	<b>16,378,615</b>	<b>4,441,307</b>	<b>11,937,308</b>
Financial investments	100	-	100
Trade receivables	3,206	-	3,206
-Trade receivables from third parties	3,206	-	3,206
Other receivables	15,200	-	15,200
-Other receivables from third parties	15,200	-	15,200
Derivative instruments	104,187	-	104,187
Investments accounted using the equity method	-	4,441,307	(4,441,307)
Right of use assets	136,538	-	136,538
Property, plant and equipment	15,518,099	-	15,518,099
Intangible assets	470,865	-	470,865
- Goodwill	42,463	-	42,463
- Other intangible assets	428,402	-	428,402
Prepaid expenses	68,653	-	68,653
Deferred tax assets	22,982	-	22,982
Other non current assets	38,785	-	38,785
<b>Total assets</b>	<b>17,802,252</b>	<b>4,441,307</b>	<b>13,360,945</b>

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## Akfen Holding Anonim Şirketi

### Notes to the Consolidated Financial Statements as at and For the Period ended June 30, 2023

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

#### 3. SHARE PURCHASES/SALES OF SUBSIDIARIES/JOINT VENTURES (cont'd)

##### Joint Venture Share Purchases (cont'd)

##### Akfen Renewable Energy Share Purchase (cont'd)

	Balance sheet of the acquisition (A)	Pre-purchase balance sheet (B)	Impact of purchase (A-B)
Liabilities	December 31, 2022	December 31, 2022	December 31, 2022
<b>Current Liabilities</b>	<b>2,391,242</b>	-	<b>2,391,242</b>
Short term portion of long-term borrowings	1,571,080	-	1,571,080
Trade payables	517,912	-	517,912
- Trade payables to related parties	11,637	-	11,637
- Trade payables to third parties	506,275	-	506,275
Employee benefit obligations	1,625	-	1,625
Other payables	27,450	-	27,450
- Other payables to third parties	27,450	-	27,450
Derivative financial liabilities	259,576	-	259,576
Income tax payable	684	-	684
Current provisions	12,915	-	12,915
- Provision for employee benefits	3,098	-	3,098
- Other short-term provisions	9,817	-	9,817
<b>Non-Current Liabilities</b>	<b>8,390,586</b>	-	<b>8,390,586</b>
Long term borrowings	6,046,353	-	6,046,353
Other payables	107	-	107
- Other payables to third parties	107	-	107
Non-current provisions	22,161	-	22,161
- Provision for employee benefits	19,543	-	19,543
- Other long-term provisions	2,618	-	2,618
Deferred tax liabilities	2,321,965	-	2,321,965
<b>Equity</b>	<b>7,020,424</b>	<b>4,441,307</b>	<b>2,579,117</b>
<b>Equity attributable to equity holders of the parent</b>	<b>6,999,859</b>	<b>4,441,307</b>	<b>2,558,552</b>
Issued capital	1,016,032	-	1,016,032
Additional capital contributions of shareholders	23,451	-	23,451
Treasury shares (-)	543,211	-	543,211
Other accumulated comprehensive income that will not be reclassified to profit or (loss)	10,079,295	5,991,964	4,087,331
- Losses on remeasurement of defined benefit plans	(11,465)	(6,921)	(4,544)
- Increases on revaluation of property, plant and equipment	10,090,760	5,998,885	4,091,875
Other accumulated comprehensive income that will be reclassified to (loss) or profit	(4,654,639)	(3,114,279)	(1,540,360)
- Hedge reserve fund	(4,654,639)	(3,114,279)	(1,540,360)
Restricted reserves appropriated from profits	20,980	-	20,980
Retained (losses)/earnings	(28,471)	1,563,622	(1,592,093)
Non-controlling interests	20,565	-	20,565
<b>Total Liabilities</b>	<b>17,802,252</b>	<b>4,441,307</b>	<b>13,360,945</b>
<b>Akfen Renewable Energy</b>		<b>On the date of purchase</b>	
Net asset value on the date of purchase			7,000,630
Share of shares purchased			%33.09
Value of the share purchased (A)			2,316,719
The effect of change in ownership rate (B)			242,606
Purchase price (C) (*)			3,237,977
<b>Goodwill (Note 15) (A+B-C) (**)</b>			<b>(678,652)</b>

(\*) The entire purchase price has been paid in cash.

(\*\*) At the time of the Company's acquisition of all shares of Akfen Renewable Energy from EBRD and IFC on January 18, 2023, the difference between the purchase price and the share value of Akfen Renewable Energy, which is TRY 678,652, has been recognised under "Intangible Assets" as "Share Purchase" Impact".

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#### 3. SHARE PURCHASES/SALES OF SUBSIDIARIES/JOINT VENTURES (cont'd)

##### Joint Venture Share Purchases (cont'd)

##### Akfen Renewable Energy Share Purchase (cont'd)

<b>Akfen Renewable Energy</b>	
Total purchase price – cash	3,237,977
Cash and cash equivalents – from Akfen Renewable Energy	(903,207)
Restricted bank reserve - from Akfen Renewable Energy	686,390
<b>Cash outflow from purchase, (net)</b>	<b>3,021,160</b>

##### Acacia Mine Share Purchase

On March 31, 2023, the Company purchased 20% of Acacia Mine's shares from İzbir Mine, and its ownership rate increased to 45.5% from 25.5%. For this share purchase, a total of USD 47,500 will be paid in installments to be paid until the end of 2024, TRY 86,925 of which was deducted as the share price and TRY 96,499 was paid as of June 30, 2023. The amount to be paid in installments is discounted to the date of purchase with a certain discount rate. On March 31, 2023, 20% of Acacia Mine's shares were purchased by the Group, and the difference between the share value of Acacia Mine on the date of purchase and the purchase price which is TRY 135,706, was recognised as "Goodwill" under "Investments Accounted Using the Equity Method".

<b>Acacia Mine</b>	<b>On the date of purchase</b>
Net asset value on the date of purchase	4,174,092
Share of shares purchased	%20
Value of the share purchased (A)	834,818
Purchase price (B)	970,524
Goodwill (A-B) (Note 20)	135,706

##### Subsidiary/Joint Venture Share Sales

##### Akfen Renewable Energy Share Sale

On March 2, 2023, the Capital Markets Board approved the public offering of Group B shares with a nominal value of TRY 340,370,703 owned by the Company in Akfen Renewable Energy. Group B shares with a nominal value of TRY 340,370,703 were offered for sale between March 8, 2023 and March 10, 2023, and Akfen Renewable Energy shares with a total nominal value of TRY 340,370,703 (33.5% of the capital) were offered to the public. As of June 30, 2023, income of TRY 733,677 was obtained from this transaction. For the financials on the purchase date, March 31, 2023, which is the closest to the aforementioned date, is taken as a basis.

<b>Akfen Renewable Energy</b>	<b>March 31, 2023</b>
Public offering revenue	3,335,633
Public offering expense	(47,283)
Net income (A)	3,288,350
Net equity as of the date of public offering (B)	6,947,239
Goodwill (C) (Not 15)	678,652
<b>Total Value (B+C)</b>	<b>7,625,891</b>
Public offering rate	33.50%
Total book value offered to the public (D)	2,554,673
<b>Public offering profit (A-D) (Note 30)</b>	<b>733,677</b>

##### Ayrı Gayrimenkul Transfer

The transfer of the shares of the Ayrı Gayrimenkul which is owned by the Company to Fon was completed on January 13, 2023 and 342,198,000 Ayrı Gayrimenkul shares (%99.97) belonging to Akfen Holding and 100,000 Ayrı Gayrimenkul shares (%0.03) belonging to Akfen Construction were transferred to the Fon. Th, as of December 31, 2022, Ayrı Gayrimenkul, subsidiary of Company is not included in Group assets on June 30, 2023.

<b>Ayrı Gayrimenkul</b>	<b>On the date of sale</b>
Net asset value on the date of sale (A)	487,003
Sale price (B)	469,859
<b>Sales loss (A-B)</b>	<b>(17,144)</b>

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#### 3. SHARE PURCHASES/SALES OF SUBSIDIARIES/JOINT VENTURES (cont'd)

##### Subsidiary/Joint Venture Share Sales (cont'd)

##### Share sale of Biz Mining

On January 2, 2023, the Company transferred 50% of BİZ Mining's shares which it owns all shares to İlbak Mining and Biz Mining, a subsidiary of the Company as of December 31, 2022, became a joint venture as of June 30, 2023.

<b>Biz Mining</b>	<b>On the date of sale</b>
Net asset value on the date of sale	(263)
Share of shares sale	%50
Share value sold (A)	(131)
Sale price (B)	50
<b>Sales profit (B-A)</b>	<b>181</b>

##### Share sale of Acacia Mine

On July 22, 2022, Akfen Holding's shares in Acacia Mine, constituting 4.5% of Acacia Mine's total capital, were transferred to BMA Mining. The difference between the said sale price and the net asset derecognised, was recognised as an expense from investment activities in the consolidated statement of profit or loss and other comprehensive income for the year ended December 31, 2022.

	<b>On the date of sale</b>
<b>Net assets</b>	<b>3,840,494</b>
Acacia Mine's share of shares sold	%4.5
Acacia Mine's net asset amount sold	172,822
Other net asset value sold at Group level (*)	5,458
<b>Total (A)</b>	<b>178,280</b>
Sales price (B)	43,622
<b>Losses arising from the disposal of affiliates (Note 30) (B-A) <sup>(1)</sup></b>	<b>(134,658)</b>

(\*) Acacia Mine's net assets include assets related to mineral reserves and goodwill.

##### Akfen Karaköy Share Purchase/Share Sale

On February 16, 2023, 1.27% of Akfen Karaköy shares were purchased from other non-related partners of Akfen Karaköy for TRY 28,226 and The said shares were sold to Akfen REIT for TRY 16,048 on May 2, 2023, and a total of TRY 12,178 expense from these transactions was recognised under expense of investment activities in the consolidated statement of profit or loss of the Group.

##### Share sale of Akfen REIT

On November 14, 2022, Akfen REIT shares (10% of the capital) owned by Akfen Holding with a nominal value of TRY 129,990,000 were sold at a price of TRY 3.70, within the scope of wholesale transactions. After the sale, Akfen Holding's share became 13.94%. The difference between the aforementioned sale price and the net asset derecognised, was recognised as an expense from investment activities in the consolidated statement of profit or loss and other comprehensive income for the year ended December 31, 2022.

	<b>On the date of sale</b>
<b>Net Assets</b>	<b>6,125,866</b>
Akfen REIT's share of shares sold	%10
<b>Akfen REIT's net asset amount sold (A)</b>	<b>612,539</b>
Sales price (B)	480,963
<b>Losses arising from the disposal of affiliates (Note 30) (B-A) <sup>(1)</sup></b>	<b>(131,576)</b>

<sup>(1)</sup> These losses are recorded in the profit and loss statement for the year ended December 31, 2022.

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## Akfen Holding Anonim Şirketi

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#### 4. SEGMENT REPORTING

The financial information of the subsidiaries and investments (joint ventures) valued using the equity method are included in the segment reporting information prepared within the framework of the Group's management approach, with the combination method (100% for subsidiaries and according to the ownership rate for joint ventures).

	<i>Investments accounted using the equity method</i>										<i>Consolidation adjustment and classification</i>	<i>Consolidated Total</i>	
	<i>Akfen Holding</i>	<i>Akfen Construction</i>	<i>Akfen Renewable <sup>(*)</sup></i>	<i>Akfen Water <sup>(**)</sup></i>	<i>Akfen Tourism</i>	<i>Akfen REIT</i>	<i>MDO</i>	<i>Acacia <sup>(***)</sup></i>	<i>Other <sup>(****)</sup></i>	<i>Total</i>			
<b>January 1-June 30, 2023</b>													
Revenue	6,617	896,664	1,488,162	21,037	73,602	47,800	336,651	926,981	294,007	4,091,521	(1,624,111)	2,467,410	
Cost of sales	-	(907,272)	(710,189)	(18,401)	(110,478)	(1,996)	(337,317)	(303,383)	(292,234)	(2,681,270)	958,343	(1,722,927)	
<b>Gross profit/(loss)</b>	<b>6,617</b>	<b>(10,608)</b>	<b>777,973</b>	<b>2,636</b>	<b>(36,876)</b>	<b>45,804</b>	<b>(666)</b>	<b>623,598</b>	<b>1,773</b>	<b>1,410,251</b>	<b>(665,768)</b>	<b>744,483</b>	
Selling and marketing expenses	-	(8,139)	-	-	(483)	-	(8,527)	(36,490)	-	(53,639)	48,058	(5,581)	
General administrative expenses	(148,089)	(69,500)	(53,233)	-	(1,451)	(2,590)	(26,264)	(32,469)	(19,234)	(352,830)	69,931	(282,899)	
Other operating income	789,541	7,178,469	7,516	(6,838)	11,722	618,554	5,060	10,738	7,074	8,621,836	(638,006)	7,983,830	
Other operating expenses	(649,714)	(55,935)	(8,306)	-	(489)	(268)	(14,105)	-	(5,691)	(734,508)	73,466	(661,042)	
Share of profit/(loss) from investments accounted using the equity method	-	-	-	(798)	-	-	3,762	-	798	3,762	200,010	203,772	
<b>Operating (loss)/profit</b>	<b>(1,645)</b>	<b>7,034,287</b>	<b>723,950</b>	<b>(5,000)</b>	<b>(27,577)</b>	<b>661,500</b>	<b>(40,740)</b>	<b>565,377</b>	<b>(15,280)</b>	<b>8,894,872</b>	<b>(912,309)</b>	<b>7,982,563</b>	
Investment activity income	3,546,982	-	40,375	-	-	59	-	-	-	3,587,416	(2,430,695)	1,156,721	
Investment activity expenses	(85,623)	-	-	(631)	-	-	(4)	-	-	(86,258)	(17,140)	(103,398)	
Finance income	70,919	718,101	177,432	18,738	1,583	10,567	107,037	(25,167)	8,187	1,087,397	(147,489)	939,908	
Finance expense	(301,123)	(5,639,340)	(637,094)	(24)	(3,724)	(245,301)	(1,389,014)	(218,123)	(386)	(8,434,129)	1,870,548	(6,563,581)	
<b>(Loss)/profit before tax from continuing operations</b>	<b>3,229,510</b>	<b>2,113,048</b>	<b>304,663</b>	<b>13,083</b>	<b>(29,718)</b>	<b>426,825</b>	<b>(1,322,721)</b>	<b>322,087</b>	<b>(7,479)</b>	<b>5,049,298</b>	<b>(1,637,085)</b>	<b>3,412,213</b>	
Tax (expense)/income for the period	(128,852)	(1,223,814)	118,558	(3,311)	8,456	(47,013)	-	(340,422)	(101)	(1,616,499)	392,301	(1,224,198)	
<b>(Loss)/profit after tax from continuing operations</b>	<b>3,100,658</b>	<b>889,234</b>	<b>423,221</b>	<b>9,772</b>	<b>(21,262)</b>	<b>379,812</b>	<b>(1,322,721)</b>	<b>(18,335)</b>	<b>(7,580)</b>	<b>3,432,799</b>	<b>(1,244,784)</b>	<b>2,188,015</b>	
Profit/(loss) for the period from parent company shares	3,100,658	889,283	422,802	9,772	(21,262)	350,829	(1,322,721)	(18,335)	(7,580)	3,403,446	(1,300,765)	2,102,681	
Depreciation and amortization expenses	2,279	8,656	304,314	56	3,219	160	58,423	104,635	282	482,024	(163,192)	318,832	
Tangible and intangible fixed asset, investment property and other investments	10,562	17,046	39,481	42	15,760	8,231	16,046	215,547	108	322,823	(239,787)	83,036	
<b>June 30, 2023</b>													
Segment assets	16,685,191	25,716,657	17,532,064	81,001	179,072	2,319,495	2,419,486	4,237,321	736,828	69,907,115	(4,848,247)	65,058,869	
Segment liabilities	10,857,337	17,199,103	12,329,187	12,312	159,889	894,608	5,480,561	1,667,247	266,115	48,866,359	(8,140,874)	40,725,485	

<sup>(\*)</sup> After the share purchase on January 18, 2023, Akfen Renewable Energy's ownership rate increased from 66.91% to 100%. On March 2, 2023, the Capital Markets Board approved the public offering of Group B shares with a nominal value of TRY 340,370,703 owned by the Company in Akfen Renewable Energy. Group B shares with a nominal value of TRY 340,370,703 were offered for sale between March 8, 2023 and March 10, 2023, and Akfen Renewable Energy shares with a total nominal value of TRY 340,370,703 (33.5% of the capital) were offered to the public. As a result, as of June 30, 2023, Akfen Holding's share in Akfen Renewable Energy was 66.5%.

<sup>(\*\*)</sup> After the share purchase on January 5, 2023, Akfen Water's ownership rate increased from 50% to 100%. Therefore, Akfen Water, the joint venture of the Company as of December 31, 2022, became a subsidiary as of June 30, 2023.

<sup>(\*\*\*)</sup> On March 31, 2023, the Company purchased 20% of Acacia Mine's shares from İzbir Mine, and its ownership rate increased to 45.5%. Profit or loss items of Acacia Mine were consolidated at the rate of 25.5% before the share purchase until March 31, 2023 and at the rate of 45.5% after the share purchase from March 31, 2023 until June 30, 2023.

<sup>(\*\*\*\*)</sup> Other companies include Akfen Danışmanlık, Akfen GPYŞ, Biz Mining, Zeki İnşaat, Adana İpekyolu, Akfen Energy Gas, Akfen Hospital and Akfen Solar Energy (subsidiaries).

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(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

#### 4. SEGMENT REPORTING (cont'd)

	<u>Investments accounted using the equity method</u>										<u>Consolidation adjustment and classification</u>	<u>Consolidated Total</u>	
	<u>Akfen Holding</u>	<u>Akfen Construction</u>	<u>Akfen Tourism</u>	<u>Akfen REIT</u>	<u>Akfen Renewable</u>	<u>MDO</u>	<u>Akfen Water</u>	<u>Acacia</u>	<u>Other (*)</u>	<u>Total</u>			
<b>January 1-June 30, 2022</b>													
Revenue	5,497	423,306	42,514	42,177	847,370	254,906	6,860	502,490	9,663	2,134,783	(1,659,717)	475,066	
Cost of sales	-	(324,336)	(51,035)	(2,009)	(323,411)	(272,187)	(5,914)	(255,724)	(8,056)	(1,242,672)	861,019	(381,653)	
<b>Gross profit/(loss)</b>	<b>5,497</b>	<b>98,970</b>	<b>(8,521)</b>	<b>40,168</b>	<b>523,959</b>	<b>(17,281)</b>	<b>946</b>	<b>246,766</b>	<b>1,607</b>	<b>892,111</b>	<b>(798,698)</b>	<b>93,413</b>	
Selling and marketing expenses	-	(4,614)	(671)	-	-	(5,049)	-	(25,760)	10	(36,084)	32,721	(3,363)	
General administrative expenses	(46,832)	(36,323)	(1,628)	(2,074)	(20,425)	(21,176)	(1,308)	(30,013)	(5,205)	(164,984)	77,364	(87,620)	
Other operating income	1,591	2,899,478	1,273	336,475	34,800	687	-	2,877	16	3,277,197	(374,840)	2,902,357	
Other operating expenses	(26,807)	(5,548)	(2,196)	(72)	(1,441)	(8,515)	(1)	-	(6)	(44,586)	10,029	(34,557)	
Share of profit from investments accounted using the equity method	-	-	-	-	-	1,320	-	-	-	1,320	894,293	895,613	
<b>Operating (loss)/profit</b>	<b>(66,551)</b>	<b>2,951,963</b>	<b>(11,743)</b>	<b>374,497</b>	<b>536,893</b>	<b>(50,014)</b>	<b>(363)</b>	<b>193,870</b>	<b>(3,578)</b>	<b>3,924,974</b>	<b>(159,131)</b>	<b>3,765,843</b>	
Investment activity income	83,267	-	-	-	-	-	2,469	-	-	85,736	(2,469)	83,267	
Investment activity expenses	(575,826)	-	-	-	-	(5,242)	-	-	-	(581,068)	5,242	(575,826)	
Finance income	45,590	1,164,245	1,448	44,713	182,090	86,546	3,411	197,315	4,832	1,730,190	(523,161)	1,207,029	
Finance expense	(224,445)	(2,605,356)	(3,310)	(78,712)	(306,524)	(710,538)	(617)	(21,512)	(1,248)	(3,952,262)	1,126,847	(2,825,415)	
<b>(Loss)/profit before tax from continuing operations</b>	<b>(737,965)</b>	<b>1,510,852</b>	<b>(13,605)</b>	<b>340,498</b>	<b>412,459</b>	<b>(679,248)</b>	<b>4,900</b>	<b>369,673</b>	<b>6</b>	<b>1,207,570</b>	<b>447,328</b>	<b>1,654,898</b>	
Tax income/(expense) for the period	170,958	(327,473)	1,700	(33,313)	16,094	-	512	(11,101)	(808)	(183,431)	27,810	(155,621)	
<b>(Loss)/profit after tax from continuing operations</b>	<b>(567,007)</b>	<b>1,183,379</b>	<b>(11,905)</b>	<b>307,185</b>	<b>428,553</b>	<b>(679,248)</b>	<b>5,412</b>	<b>358,572</b>	<b>(802)</b>	<b>1,024,139</b>	<b>475,138</b>	<b>1,499,277</b>	
(Loss)/Profit for the period from parent company shares	(567,007)	1,189,166	(11,905)	301,580	428,187	(679,246)	5,413	358,572	(802)	1,023,958	480,753	1,504,711	
Depreciation and amortization expenses	1,741	8,208	2,834	269	157,894	35,370	28	52,097	34	258,475	(245,743)	12,732	
Tangible and intangible fixed asset, investment property and other investments	1,482	16,815	10,582	226	19,038	12,250	30	32,189	5,636	98,248	(63,712)	34,536	
<b>December 31, 2022</b>													
Segment assets	9,478,725	20,361,770	128,166	1,726,792	11,910,958	2,458,396	32,518	1,848,256	1,100,996	49,046,577	(9,298,204)	39,748,373	
Segment liabilities	6,713,646	12,772,934	55,414	647,681	7,227,041	4,225,687	3,060	769,683	41,047	32,456,193	(12,662,062)	19,794,131	

(\*) Other companies include Akfen Danışmanlık, Akfen GPYŞ, Akımsı, Biz Mining, Adana İpekyolu, Akfen Energy Gas, Akfen Hospital and Akfen Solar Energy (subsidiaries).



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## Akfen Holding Anonim Şirketi

### Notes to the Consolidated Financial Statements as at and For the Period ended

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#### 5. CASH AND CASH EQUIVALENTS

As of June 30, 2023 and December 31, 2022, cash and cash equivalents are as follows:

	June 30, 2023	December 31, 2022
Cash on hand	3,931	2,585
Banks	5,972,463	2,318,119
- Demand deposits	323,350	59,947
- Time deposits	5,649,113	2,258,172
Other cash and cash equivalents (*)	1,599,817	870,069
Impairment	(5)	(75)
<b>Cash and cash equivalents</b>	<b>7,576,206</b>	<b>3,190,698</b>
Restricted bank balance (-)	(586,878)	(1,031)
Impairment	5	75
<b>Cash and cash equivalents in the cash flow statement</b>	<b>6,989,333</b>	<b>3,189,742</b>

(\*) As of June 30, 2023 and December 31, 2022, all of the other cash and cash equivalents consist of Group's overnight repos, fixed investment funds whose duration is less than 3 months and government and private sector bonds.

As of June 30, 2023, the portion of the Group's restricted bank balance amounting to TRY 583,150 consists of various project, reserve and fund accounts related to the agreements made by Akfen Renewable Energy with banks to finance its projects. These accounts can only be used for the purposes which are mentioned in terms and conditions of the agreements. As of June 30, 2023, the restricted bank balance of the Group amounting to TRY 3,728 has been blocked for loan and insurance payments, and the blockage disappears when the payments are made (December 31, 2022: TRY 1,031).

#### Demand deposits

As of June 30, 2023 and December 31, 2022, TRY equivalent of demand deposits in currency terms is as follows:

	June 30, 2023	December 31, 2022
US Dollar	219,111	37,056
EUR	71,576	10,378
TRY	32,569	12,370
Other	94	143
<b>Total</b>	<b>323,350</b>	<b>59,947</b>

#### Time deposits

As of June 30, 2023 and December 31, 2022, TRY equivalent of time deposits in currency terms is as follows:

	Maturity	Interest rate (%)	June 30, 2023	Maturity	Interest rate (%)	December 31, 2022
US Dollar	July 2023	0.01 – 5.09	5,214,100	January 2023	0.01 - 3.75	1,453,439
TRY	July 2023	3 – 30	290,541	January 2023	2 – 22	536,615
EUR	July 2023	0.01-0.25	144,472	January 2023	0.01-1.50	268,118
<b>Total</b>			<b>5,649,113</b>			<b>2,258,172</b>

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## Akfen Holding Anonim Şirketi

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#### 5. CASH AND CASH EQUIVALENTS (cont'd)

##### Other cash and cash equivalents

As of June 30, 2023 and December 31, 2022, the distribution of cash and cash equivalents of the Group in foreign currency and Turkish lira is as follows:

	June 30, 2023	December 31, 2023
US Dollar	1,581,867	860,432
TRY	17,950	9,637
<b>Total</b>	<b>1,599,817</b>	<b>870,069</b>

The currency and interest rate risks and sensitivity analyses pertaining to the financial assets and liabilities of the Group are provided in Note 34.

#### 6. FINANCIAL BORROWINGS

The details for financial borrowings as of June 30, 2023 and December 31, 2022, are as follows:

	June 30, 2023	December 31, 2022
<b>Short-term financial borrowings</b>	<b>6,382,503</b>	<b>2,469,086</b>
Short-term secured bank loans	9,981	152,722
Current portion of long-term secured bank loans	6,199,830	2,034,332
Current portion of long-term bonds	-	277,713
Current portion of long-term financial lease borrowings	147,679	-
Current portion of long-term lease liabilities	25,013	4,319
<b>Long-term financial liabilities</b>	<b>28,364,562</b>	<b>14,565,326</b>
Long-term secured bank loans	28,123,511	14,554,749
Long-term lease liabilities	241,051	10,577
<b>Total</b>	<b>34,747,065</b>	<b>17,034,412</b>

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## Akfen Holding Anonim Şirketi

### Notes to the Consolidated Financial Statements as at and For the Period ended June 30, 2023

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#### 6. FINANCIAL BORROWINGS (cont'd)

The details for financial borrowings as of June 30, 2023 and December 31, 2022, are as follows:

June 30, 2023	Currency	Nominal interest rate %	Maturity	Nominal value	Book value
Collateralized project bank loan <sup>(1)</sup>	Euro	3A Euribor +5.50	2035	4,209,705	4,261,707
Collateralized project bank loan <sup>(1)</sup>	Euro	3A Euribor+6.10	2034	3,451,377	3,498,651
Collateralized project bank loan <sup>(1)</sup>	Euro	3A Euribor +4.75	2034	3,451,377	3,488,671
Collateralized project bank loan <sup>(1)</sup>	Euro	3A Euribor+5.05	2029	1,852,949	1,883,029
Collateralized project bank loan <sup>(1)</sup>	Euro	3A Euribor +6.00	2029	244,100	248,518
Collateralized project bank loan <sup>(1)</sup>	US Dollar	3A Libor +5.15	2029	1,884,547	1,923,091
Collateralized project bank loan <sup>(1)</sup>	US Dollar	6A Libor+4.90	2027	331,951	332,331
Collateralized project bank loan <sup>(1)</sup>	US Dollar	3A Libor +6.20	2029	247,267	252,834
Collateralized bank loan <sup>(1)</sup>	TRY	13.45-19.29	2023	67,427	67,585
Collateralized bank loan <sup>(2)</sup>	US Dollar	1.36	2025	3,104,352	3,110,094
Collateralized bank loan <sup>(2)</sup>	US Dollar	1.40	2026	1,810,872	1,811,575
Collateralized bank loan <sup>(2)</sup>	US Dollar	1.33	2026	1,034,784	1,037,612
Collateralized bank loan <sup>(2)</sup>	US Dollar	11	2029	657,088	680,582
Collateralized bank loan <sup>(2)</sup>	US Dollar	11	2029	657,088	664,061
Collateralized bank loan <sup>(2)</sup>	US Dollar	8.50	2024	646,740	654,307
Collateralized bank loan <sup>(2)</sup>	US Dollar	8.50	2024	646,740	653,572
Collateralized bank loan <sup>(2)</sup>	Euro	Euribor +6.55	2024	322,945	327,871
Financial lease borrowings <sup>(3)</sup>	TRY	24	2024	147,858	147,679
Collateralized project bank loan <sup>(4)</sup>	US Dollar	6A Libor+0.90g	2033	3,354,126	3,733,550
Collateralized project bank loan <sup>(4)</sup>	US Dollar	5.90	2025	1,624,134	1,650,107
Collateralized project bank loan <sup>(4)</sup>	US Dollar	6.95	2031	1,330,745	1,331,506
Collateralized project bank loan <sup>(4)</sup>	US Dollar	6A Libor+5.35	2032	803,330	875,188
Collateralized project bank loan <sup>(4)</sup>	US Dollar	6A Libor+5.45	2030	606,656	657,446
Collateralized project bank loan <sup>(4)</sup>	US Dollar	6A Libor+5.55	2032	637,080	693,978
Collateralized project bank loan <sup>(4)</sup>	US Dollar	6.50	2033	259,513	266,770
Collateralized project bank loan <sup>(4)</sup>	US Dollar	6A Libor+2.0	2030	146,915	150,896
Collateralized project bank loan <sup>(4)</sup>	US Dollar	6A Libor+3.5	2027	23,371	23,561
Collateralized project bank loan <sup>(4)</sup>	US Dollar	5.60	2024	15,895	16,355
Collateralized project bank loan <sup>(4)</sup>	US Dollar	6A Libor+3.5	2027	3,486	3,479
Collateralized project bank loan <sup>(4)</sup>	US Dollar	6A Libor+3.5	2027	2,446	2,413
Collateralized project bank loan <sup>(4)</sup>	Euro	6A Euribor+3.0	2026	11,262	11,814
Collateralized project bank loan <sup>(4)</sup>	Euro	6A Euribor+3.0	2026	9,854	10,532
Collateralized project bank loan <sup>(4)</sup>	Euro	6A Euribor+3.0	2025	5,927	6,234
Collateralized project bank loan <sup>(4)</sup>	Euro	6A Euribor+3.0	2027	2,373	2,517
Collateralized project bank loan <sup>(4)</sup>	Euro	6A Euribor+3.0	2026	845	885
				<b>33,607,125</b>	<b>34,481,001</b>

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#### 6. FINANCIAL BORROWINGS (cont'd)

December 31, 2022	Currency	Nominal interest rate %	Maturity	Nominal value	Book value
Collateralized project bank loan <sup>(1)</sup>	Euro	3A Euribor +5.50	2035	3,102,227	3,130,646
Collateralized project bank loan <sup>(1)</sup>	Euro	3A Euribor +4.75	2034	2,594,022	2,612,157
Collateralized project bank loan <sup>(1)</sup>	Euro	3A Euribor+6.10	2034	2,594,022	2,619,803
Collateralized project bank loan <sup>(1)</sup>	Euro	3A Euribor+5.05	2029	1,389,931	1,407,986
Collateralized project bank loan <sup>(1)</sup>	Euro	3A Euribor +6.00	2029	183,454	186,184
Collateralized project bank loan <sup>(1)</sup>	US Dollar	3A Libor +5.15	2029	1,445,597	1,472,686
Collateralized project bank loan <sup>(1)</sup>	US Dollar	6A Libor+4.90	2027	261,815	262,171
Collateralized project bank loan <sup>(1)</sup>	US Dollar	3A Libor +6.20	2029	190,036	193,994
Collateralized bank loan <sup>(1)</sup>	TRY	7.5-22.20	2023	306,555	309,120
Collateralized bank loan <sup>(2)</sup>	US Dollar	1.36	2025	2,247,840	2,251,829
Collateralized bank loan <sup>(2)</sup>	US Dollar	1.40	2026	1,311,240	1,311,851
Collateralized bank loan <sup>(2)</sup>	US Dollar	1.33	2026	749,280	751,356
Collateralized bank loan <sup>(2)</sup>	Euro	Euribor +6.55	2024	228,666	231,394
Collateralized bank loan <sup>(5)</sup>	TRY	10.00	2023	600	626
Bond <sup>(6)</sup>	TRY	28	2023	263,778	277,713
				<b>16,869,063</b>	<b>17,019,516</b>

<sup>(1)</sup> Akfen Construction loans.

<sup>(2)</sup> Akfen Holding loans.

<sup>(3)</sup> Akfen Construction finance leasings.

<sup>(4)</sup> Akfen Renewable Energy loans.

<sup>(5)</sup> Akfen Tourism loans.

<sup>(6)</sup> It consists of the debt arising from the issuance of a floating rate bond with a maturity of 2 years and a quarterly coupon payment amounting to TRY 150,000 on February 7, 2020.

Secured project bank loans are secured by the following instruments:

- Transfer and assignment of receivables,
- Pledge of accounts
- Mortgage of rights of construction,
- Share pledge,
- Undertaking about electricity production license for Akfen Renewable Energy loans

Collateralized bank loans are secured by the main Shareholder and other Group Companies.

As of June 30, 2023 and December 31, 2022, the breakdown of short and long-term financial borrowings according to their maturities is as follows:

	June 30, 2023	December 31, 2022
Within 1 year	6,357,490	2,464,767
Between 1 – 2 year	5,328,612	1,934,180
Between 2 – 3 year	6,763,458	3,721,143
Between 3 – 4 year	5,721,598	3,317,437
Over 5 year	10,309,843	5,581,989
<b>Total</b>	<b>34,481,001</b>	<b>17,019,516</b>

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## Akfen Holding Anonim Şirketi

### Notes to the Consolidated Financial Statements as at and For the Period ended June 30, 2023

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#### 6. FINANCIAL BORROWINGS (cont'd)

The movements in financial borrowings for the periods ended June 30, 2023 ve 2022 are as follows:

	2023	2022
<b>Financial liabilities at the beginning of the year</b>	<b>17,019,516</b>	<b>13,685,513</b>
<i>Proceeds from borrowings</i>	2,174,052	387,715
<i>Repayments of borrowings</i>	(1,957,385)	(1,423,478)
<i>Interest paid</i>	(837,871)	(414,684)
<i>Accrual</i>	1,159,744	414,635
<i>Foreign exchange difference</i>	9,555,345	2,367,558
<i>Change in scope of consolidation (Note 3)</i>	7,367,600	-
<b>Financial liabilities at the period end</b>	<b>34,481,001</b>	<b>15,017,259</b>

#### Operation lease liabilities

The Group has started to apply TFRS 16 as of January 1, 2019 and since the fair value of investment properties developed on the Group's leased land has been deducted from the estimated cash flows, the discounted values of the lease amounts to be paid related to the lands are classified under operational lease liabilities.

The details of operating lease liabilities are as follows:

	June 30, 2023	December 31, 2022
Less than 1 year	25,013	4,319
1 - 5 years	151,098	6,786
5 years and over	1,402,424	34,892
Less: Financial expense for future periods	(1,312,471)	(31,101)
<b>Total operational lease liabilities</b>	<b>266,064</b>	<b>14,896</b>

The movements of the lease liabilities in the period of June 30, 2023 and 2022 are as follows:

	2023	2022
<b>January 1</b>	<b>14,896</b>	<b>13,317</b>
<i>Finance expense</i>	19,223	789
<i>Payments</i>	(17,888)	-
<i>Change in scope of consolidation (Note 3)</i>	249,833	-
<b>June 30</b>	<b>266,064</b>	<b>14,106</b>

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#### 7. TRADE RECEIVABLES AND PAYABLES

The short-term trade receivables of the Group as of June 30, 2023 and December 31, 2022 are as follows:

	June 30, 2023	December 31, 2022
Trade receivables due from related parties (Note 32)	32,477	26,813
Trade receivables due from third parties	602,724	191,261
- <i>Receivables from the Ministry of Health</i> (*)	173,306	115,390
- <i>Notes receivables</i>	199	218
- <i>Other trade receivables</i> (**)	429,219	75,653
<b>Total</b>	<b>635,201</b>	<b>218,074</b>

(\*) As of June 30, 2023 and December 31, 2022, trade receivables from the Ministry of Health consist of the trade receivables from the agreements signed with the Ministry of Health.

(\*\*) As of June 30, 2023, the majority of the balance consists of electricity sales revenues and trade receivables from Akfen Construction's business operations (December 31, 2022: City Hospital revenues).

The long-term trade receivables of the Group as of June 30, 2023 and December 31, 2022 are as follows:

	June 30, 2023	December 31, 2022
Trade payables due to third parties	2,558	16,254
- <i>Notes receivable</i>	-	16,254
- <i>Other</i>	2,558	-
<b>Total</b>	<b>2,558</b>	<b>16,254</b>

The short-term trade payables of the Group as of June 30, 2023 and December 31, 2022, are as follows:

	June 30, 2023	December 31, 2022
Trade payables due to related parties (Note 32)	2,072	11,367
Trade payables due to third parties (*)	1,539,473	247,748
<b>Total</b>	<b>1,541,545</b>	<b>259,115</b>

(\*) As of June 30, 2023, TRY 764,976 of the short-term trade payables due to third parties balance consists of debts arising from the Acacia Mine share purchase by the Group the remaining amount mostly consists of the Group's debts for the purchased equipment related to construction and city hospital works and Akfen Renewable's debts to EPIAŞ (December 31, 2022: It mostly consists of debts incurred for purchased equipment related to the Group's construction and city hospital works).

The long-term trade payables of the Group as of June 30, 2023 and December 31, 2022, are as follows:

	June 30, 2023	December 31, 2022
Trade payables due to related parties (Note 32)	-	191
Trade payables due to third parties (*)	307,063	-
<b>Total</b>	<b>307,063</b>	<b>191</b>

(\*) As of June 30, 2023, the balance of long-term trade payables to third parties consists of the payables arising from the purchase of Acacia Mine shares by the Group.

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### Notes to the Consolidated Financial Statements as at and For the Period ended June 30, 2023

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#### 8. OTHER RECEIVABLES AND PAYABLES

The short-term other receivables of the Group as of June 30, 2023 and December 31, 2022, are as follows:

	June 30, 2023	December 31, 2022
Other receivables due from related parties	33	27
Other receivables due from related parties	112,549	60,040
- <i>Receivables from tax office</i>	101,960	58,347
- <i>Deposits and guarantees given</i>	156	167
- <i>Other receivables</i>	10,433	1,526
<b>Total</b>	<b>112,582</b>	<b>60,067</b>

The long-term other receivables of the Group as of June 30, 2023 and December 31, 2022, are as follows:

	June 30, 2023	December 31, 2022
Other receivables from related parties (Note 32)	78,568	440,197
Other receivables from third parties	35,603	15,859
- <i>Deposits and guarantees given</i>	15,905	1,375
- <i>Other long-term receivables</i>	19,698	14,484
<b>Total</b>	<b>114,171</b>	<b>456,056</b>

The short-term other payables of the Group as of June 30, 2023 and December 31, 2022, are as follows:

	June 30, 2023	December 31, 2022
Other payables to related parties (Note 32)	-	36,592
Other payables to third parties	129,673	37,336
- <i>Taxes and funds payable</i>	85,862	7,123
- <i>Deposit and guarantees received</i>	41,865	28,354
- <i>Other payables</i>	1,946	1,859
<b>Total</b>	<b>129,673</b>	<b>73,928</b>

The long-term other payables of the Group as of June 30, 2023 and December 31, 2022, are as follows:

	June 30, 2023	December 31, 2022
Other payables to related parties (Note 32)	699,906	1,758,274
Other payables to third parties	50	8,766
- <i>Deposit and guarantees received</i>	50	8
- <i>Other payables</i>	-	8,758
<b>Total</b>	<b>699,956</b>	<b>1,767,040</b>

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#### 9. PREPAID EXPENSES/ASSETS ARISING FROM CUSTOMER CONTRACTS

As of June 30, 2023 and December 31, 2022, short-term prepaid expenses are stated as follows:

	June 30, 2023	December 31, 2022
Advance given	74,242	14,952
Prepaid expenses (*)	71,076	21,661
Other	1,168	285
<b>Total</b>	<b>146,486</b>	<b>36,898</b>

As of June 30, 2023 and December 31, 2022, long-term prepaid expenses are stated as follows:

	June 30, 2023	December 31, 2022
Prepaid expenses (*)	70,485	-
Advances given	1,743	7,555
<b>Total</b>	<b>72,228</b>	<b>7,555</b>

(\*)As of June 30, 2023 and December 31, 2022, the majority of the balance of prepaid expenses consists of travelling and insurance expenses.

Long-term assets arising from customer contracts as of June 30, 2023 and December 31, 2022, are as follows:

Long-term assets arising from customer contracts	June 30, 2023	December 31, 2022
Assets arising from customer contracts (*)	97,854	73,612
<b>Total</b>	<b>97,854</b>	<b>73,612</b>

(\*) The Group has evaluated the service contract submitted to the Ministry of Health within the scope of TFRS 15 and financial statements. As of June 30, 2023 and December 31, 2022, the balances consist of the advance payments made for the extraordinary maintenance and repair service expenses to be provided to the Ministry of Health.



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#### 10. FINANCIAL ASSETS RELATED TO CONCESSION AGREEMENTS

As of June 30, 2023 and December 31, 2022, financial assets related to short and long term concession agreements are as follows:

	June 30, 2023	December 31, 2022
<b>Isparta City Hospital</b>		
Short-term financial assets related to concession agreements (*)	751,909	541,050
Long-term financial assets related to concession agreements (*)	5,683,915	4,131,480
	<b>6,435,824</b>	<b>4,672,530</b>
<b>Eskişehir City Hospital</b>		
Short-term financial assets related to concession agreements (*)	1,153,046	815,375
Long-term financial assets related to concession agreements (*)	9,423,789	6,709,634
	<b>10,576,835</b>	<b>7,525,009</b>
<b>Tekirdağ City Hospital</b>		
Short-term financial assets related to concession agreements (*)	657,465	463,130
Long-term financial assets related to concession agreements (*)	4,070,590	2,943,262
	<b>4,728,055</b>	<b>3,406,392</b>
<b>Total City Hospital</b>		
Short-term financial assets related to concession agreements (*)	2,562,420	1,819,555
Long-term financial assets related to concession agreements (*)	19,178,294	13,784,376
<b>Total</b>	<b>21,740,714</b>	<b>15,603,931</b>

(\*) The purchase of service concession contracts includes the right to charge fees for the use of the concession infrastructure arising from the City Hospital contract for the construction of City Hospitals models signed with the Ministry of Health, The estimated amortization period of a financial asset in concession agreements is the period during which the Group can allocate to the public to use the infrastructure until the end of the concession period.

Isparta City Hospital, Eskişehir City Hospital and Tekirdağ City Hospital started their activities and collections related to the operation of the hospitals as of March 31, 2017, October 27, 2018 and November 30, 2020, respectively.

For the periods ended June 30, 2023 and 2022, financial asset movements are as follows:

	2023	2022
<b>January 1</b>	<b>15,603,931</b>	<b>12,445,309</b>
Increase in value arising from the calculation of fair value of Service Concession Agreements (Note 28)	7,137,360	2,846,791
Collections	(1,000,577)	(774,802)
<b>June 30</b>	<b>21,740,714</b>	<b>14,517,298</b>

#### 11. INVESTMENT PROPERTIES

As of June 30, 2023 and December 31, 2022, investment properties are as follows:

	June 30, 2023	December 31, 2022
Investment properties	1,550,817	2,216,786
	<b>1,550,817</b>	<b>2,216,786</b>

As of June 30, 2023 pledge on property, plant and equipment and investment property is TRY 3,494,416 (December 31, 2022: TRY 2,530,820).

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### Notes to the Consolidated Financial Statements as at and For the Period ended June 30, 2023

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

#### 11. INVESTMENT PROPERTIES (cont'd)

As of June 30, 2023 and December 31, 2022, the types of investment properties are as follows:

	June 30, 2023	December 31, 2022
Building	1,174,182	1,211,360
Land	376,635	986,866
Hotel	-	18,560
	<b>1,550,817</b>	<b>2,216,786</b>

For the periods ended at June 30, 2023 and 2022, the movement table of investment properties is as follows:

	2023	2022
<b>January 1</b>	<b>2,216,786</b>	<b>1,303,814</b>
Transfer to/transfer from inventories (Note 16)	(5,804)	(9,385)
Fair value increase (Note 28)	(31,375)	32,592
Disposals	(105,090)	(53,689)
Changes within the scope of consolidation (*)	(523,700)	-
<b>June 30</b>	<b>1,550,817</b>	<b>1,273,332</b>

(\*) It is the investment property effect related to the sale of Ayri Gayrimenkul.

As of June 30, 2023 and December 31, 2022, the fair value classifications of investment properties are as follows:

June 30, 2023	Fair value level		
	1. Level TRY	2. Level TRY	3. Level TRY
Investment properties – Building	-	888,981	285,201
Investment properties – Land	-	376,635	-
December 31, 2022	Fair value level		
	1. Level TRY	2. Level TRY	3. Level TRY
Investment properties – Hotel	-	18,560	-
Investment properties – Building	-	950,859	260,501
Investment properties – Land	-	986,866	-

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## Akfen Holding Anonim Şirketi

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#### 12. DERIVATIVE INSTRUMENTS

Derivative instruments consist of interest rate swap transactions.

As of June 30, 2023 and December 31, 2022, liabilities from derivative instruments are as follows:

	June 30, 2023	December 31, 2022
Assets from derivative instruments	845,029	522,564
<b>Total</b>	<b>845,029</b>	<b>522,564</b>

June 30, 2023			
	Currency	Original contract value	Asset
Derivative assets	US Dollar	90,257,909	292,241
Derivative assets	Euro	265,719,297	552,788
<b>Total</b>			<b>845,029</b>

December 31, 2022			
	Currency	Original contract value	Asset
Derivative assets	US Dollar	89,201,755	99,955
Derivative assets	Euro	276,287,791	422,609
<b>Total</b>			<b>522,564</b>

As of June 30, 2023 and December 31, 2022, assets and liabilities arising from derivative instruments consist of interest rate swap transactions.

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## Akfen Holding Anonim Şirketi

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#### 13. RIGHT OF USE ASSETS

Within the scope of the first application of TFRS 16 "Leases", it has been accounted as leasing obligation in the individual financial statements related to leasing commitments classified as "operating leases" in accordance with TAS 17 "Leasing Transactions" before 1 January 2019. This lease liability is measured at the present value of the unrealized lease payments as of the transition date, discounted using the alternative borrowing interest rate at the date of initial application. Right-of-use assets are accounted for at an amount equal to the lease liabilities under the simplified transition application of the relevant standard.

As of June 30, 2023 and December 31, 2022, right of use assets are as follows:

	June 30, 2023	December 31, 2022
Right of use assets (*)	141,969	7,492
<b>Total</b>	<b>141,969</b>	<b>7,492</b>

(\*)As of June 30, 2023, TRY 134,626 of the right of use assets consist of land rents and forest permits for Akfen Renewable Energy's power plants, and the portion amounting to TRY 7.343; these are right-of-use assets recognized in relation to the leases of the lands leased by Akfen Merter and on which the project is under development/construction. The contract of the relevant project was terminated unilaterally by the Regional Directorate of Foundations. Due to the unilateral termination of the contract, the compensation lawsuit filed for the compensation of possible losses that the Group may incur is continuing (December 31, 2022: TRY 7,492 Akfen Merter related right-of-use assets).

As of June 30, 2023 and 2022, the movement table of right of use assets is as follows:

	2023	2022
<b>January 1</b>	<b>7,492</b>	<b>7,792</b>
Amortization expense	(2,283)	(150)
Additions	222	-
Change in scope of consolidation (Note 3)	136,538	-
<b>June 30</b>	<b>141,969</b>	<b>7,642</b>

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## Akfen Holding Anonim Şirketi

### Notes to the Consolidated Financial Statements as at and For the Period ended

June 30, 2023

(All amounts are in thousand Turkish Liras ("TRY") unless otherwise specified.)

#### 14. TANGIBLE ASSETS

The movements of tangible assets as of June 30, 2023 are as follows:

<b>Cost</b>	<b>Land and buildings</b>	<b>Machinery and equipment</b>	<b>Vehicles</b>	<b>Furnitures and fixtures</b>	<b>Ongoing investments</b>	<b>Special costs</b>	<b>Other</b>	<b>Total</b>
<b>Balance as of January 1, 2023</b>	<b>57,106</b>	<b>12,651</b>	<b>19,375</b>	<b>52,647</b>	<b>24,796</b>	<b>51,773</b>	<b>586</b>	<b>218,934</b>
Additions	1,524	2,610	10,521	6,869	35,787	1,135	-	58,446
Disposals	-	-	-	-	(2,716)	-	-	(2,716)
Change in scope of consolidation (Note 3)	395,521	16,458,451	1,889	7,592	10,082	3,551	67	16,877,153
<b>Balance as of June 30, 2023</b>	<b>454,151</b>	<b>16,473,712</b>	<b>31,785</b>	<b>67,108</b>	<b>67,949</b>	<b>56,459</b>	<b>653</b>	<b>17,151,817</b>
<b>Accumulated depreciation</b>								
<b>Balance as of January 1, 2023</b>	<b>4,947</b>	<b>9,832</b>	<b>8,598</b>	<b>26,398</b>	<b>-</b>	<b>15,400</b>	<b>296</b>	<b>65,471</b>
Current period depreciation	4,826	292,202	2,415	4,301	-	3,777	52	307,573
Change in scope of consolidation (Note 3)	56,077	1,295,598	660	4,006	-	2,325	67	1,358,733
<b>Balance as of June 30, 2023</b>	<b>65,850</b>	<b>1,597,632</b>	<b>11,673</b>	<b>34,705</b>	<b>-</b>	<b>21,502</b>	<b>415</b>	<b>1,731,777</b>
<b>Net book value as of January 1, 2023</b>	<b>52,159</b>	<b>2,819</b>	<b>10,777</b>	<b>26,249</b>	<b>24,796</b>	<b>36,373</b>	<b>290</b>	<b>153,463</b>
<b>Net book value as of June 30, 2023</b>	<b>388,301</b>	<b>14,876,080</b>	<b>20,112</b>	<b>32,403</b>	<b>67,949</b>	<b>34,957</b>	<b>238</b>	<b>15,420,040</b>

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#### 14. TANGIBLE ASSETS (cont'd)

The movements of tangible assets as of June 30, 2022 are as follows:

Cost	Land and buildings	Machinery and equipment	Vehicles	Furnitures and fixtures	Ongoing investments	Special costs	Other	Total
Balance as of January 1, 2022	17,051	12,525	18,648	36,648	18,832	33,274	586	137,564
Additions	-	119	1,995	5,823	1,178	15,718	524	25,357
Disposals	-	-	(1,268)	(11)	-	-	-	(1,279)
<b>Balance as of June 30, 2022</b>	<b>17,051</b>	<b>12,644</b>	<b>19,375</b>	<b>42,460</b>	<b>20,010</b>	<b>48,992</b>	<b>1,110</b>	<b>161,642</b>
<b>Accumulated depreciation</b>								
Balance as of January 1, 2022	4,353	9,058	5,467	19,570	-	8,448	176	47,072
Current period depreciation	296	385	1,911	3,201	-	3,220	157	9,170
Disposals	-	-	(704)	(10)	-	-	-	(714)
<b>Balance as of June 30, 2022</b>	<b>4,649</b>	<b>9,443</b>	<b>6,674</b>	<b>22,761</b>	<b>-</b>	<b>11,668</b>	<b>333</b>	<b>55,528</b>
<b>Net book value as of January 1, 2022</b>	<b>12,698</b>	<b>3,467</b>	<b>13,181</b>	<b>17,078</b>	<b>18,832</b>	<b>24,826</b>	<b>410</b>	<b>90,492</b>
<b>Net book value as of June 30, 2022</b>	<b>12,402</b>	<b>3,201</b>	<b>12,701</b>	<b>19,699</b>	<b>20,010</b>	<b>37,324</b>	<b>777</b>	<b>106,114</b>

As of June 30, 2023, the depreciation expense of tangible assets, intangible assets and right of use assets in total amounting to TRY 318,832 respectively, amounting to TRY 307,573, TRY 8,976 and TRY 2,283, was recognized in cost of sales amounting to TRY 307,936 and general administrative expenses amounting to TRY 10,896. A total of TRY 12,732 respectively, tangible fixed assets TRY 9,170, intangible assets TRY 3,412, right of use assets TRY 150 of depreciation expense, was accounted in general administrative expenses amounting to TRY 9,226 and in cost of sales amounting to TRY 3,506) (Note 13 and Note 15).

As of June 30, 2023, the amount of mortgages and pledges on the power plants belonging to Akfen Renewables, which is related tangible assets, is TRY 31,561,764 (December 31, 2022: None).

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#### 15. INTANGIBLE ASSETS

The movements of intangible assets as of June 30, are as follows:

<b>Cost</b>	<b>Rights</b>	<b>Other</b>	<b>Goodwill</b>	<b>Total</b>
<b>Balance as of January 1, 2022</b>	<b>134,893</b>	<b>14,163</b>	-	<b>149,056</b>
Additions	944	3	-	947
<b>Balance as of June 30, 2022</b>	<b>135,837</b>	<b>14,166</b>	-	<b>150,003</b>
<b>Balance as of January 1, 2023</b>	<b>136,308</b>	<b>14,212</b>	-	<b>150,520</b>
Additions	2,793	8	-	2,801
Change in scope of consolidation (Note 3)	464,966	27,854	42,463	535,283
Impact of share purchase (Note 3)	-	-	678,652	678,652
<b>Balance as of June 30, 2023</b>	<b>604,067</b>	<b>42,074</b>	<b>721,115</b>	<b>1,367,256</b>
<b>Accumulated amortization</b>	<b>Haklar</b>	<b>Diğer</b>	-	<b>Total</b>
<b>Balance as of January 1, 2022</b>	<b>41,410</b>	<b>6,255</b>	-	<b>47,665</b>
Current period amortization	1,779	1,633	-	3,412
<b>Balance as of June 30, 2022</b>	<b>43,189</b>	<b>7,888</b>	-	<b>51,077</b>
<b>Balance as of January 1, 2023</b>	<b>45,076</b>	<b>9,529</b>	-	<b>54,605</b>
Current period amortization	7,026	1,950	-	8,976
Change in scope of consolidation (Note 3)	60,687	3,725	-	64,412
<b>Balance as of June 30, 2023</b>	<b>112,789</b>	<b>15,204</b>	-	<b>127,993</b>
<b>Balance as of June 30, 2022</b>				
<b>Net book value</b>				
<b>Net book value as of January 1, 2022</b>	<b>93,483</b>	<b>7,908</b>	-	<b>101,391</b>
<b>Net book value as of June 30, 2022</b>	<b>92,648</b>	<b>6,278</b>	-	<b>98,926</b>
<b>Net book value as of January 1, 2023</b>	<b>91,232</b>	<b>4,683</b>	-	<b>95,915</b>
<b>Net book value as of June 30, 2023</b>	<b>491,278</b>	<b>26,870</b>	<b>721,115</b>	<b>1,239,263</b>

#### 16. INVENTORIES

As of June 30, 2023 and December 31, 2022, inventories are as follows:

	<b>June 30, 2023</b>	<b>December 31, 2022</b>
Food and beverage stocks	25,954	15,142
Finished goods (*)	12,155	13,640
Semi-finished products (**)	8,233	-
<b>Total</b>	<b>46,342</b>	<b>28,782</b>

(\*) As of June 30, 2023 and December 31, 2022, the finished goods consist of the existing apartments for sale related to the housing project in Gölbaşı İncek.

(\*\*) As of June 30, 2023, semi-finished products consist of the amounts related to the villa project developed by the Company in Ankara İncek region.

As of June 30, 2023 and 2022 the movement of inventories is as follows:

	<b>2023</b>	<b>2022</b>
<b>January 1</b>	<b>28,782</b>	<b>14,989</b>
Additions	21,789	8,232
Disposals	(10,033)	(15,864)
Transfers from investment properties (Note 11)	5,804	9,385
<b>June 30</b>	<b>46,342</b>	<b>16,742</b>

As of June 30, 2023 and December 31, 2022, there is no mortgage on the inventories.

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#### 17. DEFERRED REVENUES / OBLIGATIONS ARISING FROM CUSTOMER CONTRACTS

As of June 30, 2023 and December 31, 2022, short-term deferred revenue is as follows:

	June 30, 2023	December 31, 2022
Deferred revenue from related parties (Note 32)	-	17,313
Deferred revenue from third parties	330,435	32,644
- Contractual liabilities arising from sales (*)	122,663	-
- Hotel lease revenues (**)	65,413	31,750
- Advances received (***)	142,359	828
- Other	-	66
<b>Total</b>	<b>330,435</b>	<b>49,957</b>

(\*) It is the advance amount related to the activities of the Group in the electricity market.

(\*\*) As of June 30, 2023 and December 31, 2022, hotel lease revenue consists of rent collected in advance for the months after the reporting period for Bodrum Loft Hotel.

(\*\*\*) As of June 30, 2023, TRY 141,600 of the related balance belongs to Firatcan Tourism consists of advances collected by Akfen Construction for the machinery and equipment that Vakıf Leasing will purchase from Akfen Construction, regarding the financial leasing agreement for the goods to be leased from Vakıf Leasing as a lessee.

As of June 30, 2023 and December 31, 2022, long-term obligations arising from customer contracts are as follows:

Long term obligations arising from customer contracts	June 30, 2023	December 31, 2022
Long term obligations arising from customer contracts (*)	172,004	134,441
<b>Total</b>	<b>172,004</b>	<b>134,441</b>

(\*) Group evaluated the service contract submitted to the Ministry of Health within the scope of TFRS 15 and carried its effect to its consolidated financial statements as of June 2023, and December 31, 2022. As of June 30, 2023 and December 31, 2022, deferred revenues consist of the revenue amounts obtained in advance for the extraordinary maintenance and repair service fee to be provided to the Ministry of Health.

#### 18. PROVISIONS

As of June 30, 2023 and December 31, 2022, short term provisions are as follows:

	June 30, 2023	December 31, 2022
Unused vacation provision	27,439	18,819
Other provisions (*)	22,036	32,874
<b>Total</b>	<b>49,475</b>	<b>51,693</b>

(\*) As of June 30, 2023 and December 31, 2022, all other provisions are the amounts anticipated to be paid by Akfen Holding to the previous shareholders of the HEPP project companies belonging to Akfen Renewables, depending on the share transfer agreement.

As of June 30, 2023 and December 31, 2022, long term provisions are as follows:

	June 30, 2023	December 31, 2022
Provision for severance pay	51,341	18,865
Other provisions (*)	4,994	-
<b>Total</b>	<b>56,335</b>	<b>18,865</b>

(\*) It consists of Akfen Renewable Energy's lawsuit provisions.



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#### **19. GOVERNMENT INCENTIVES AND GRANTS**

In accordance with the Investment Incentives Law No. 47/2000, Akfen REIT has a 100% investment incentive without any time restrictions for its investments in the TRNC until December 31, 2008.

With the decision of the Council of Ministers dated July 1, 2003 and numbered 2003/5868, the amount of the vessels carrying cargo and passengers exclusively in the cabotage line registered to the Turkish International Ship Registry and National Ship Registry, commercial yachts, service and fishing vessels shall be determined according to the technical characteristics of each ship and has decided to reduce the special consumption tax amount of the fuel to be given to the logbook of the vessel that will use this fuel to zero since the beginning of 2004. Since 2004, İDO has been benefiting from the special consumption tax deduction.

The resolution of the Council of Ministers No. 2004/5266 of December 2, 2004 provides that the revenues from the operation and transfer of ships and yachts registered in the Turkish International Register of Ships are exempt from income and corporate taxes and funds. Therefore, purchasing, sales, mortgage, registration, loan and freight contracts pertaining to ships and yachts to be registered in the Turkish International Register of Ships are not subject to stamp duty, levies, banking and insurance transactions tax and funds. To this end, İDO is using corporate tax and income tax discounts.

For HEPP investments, the Group has investment incentives in the form of VAT exemption and customs duty exemption that it has obtained by submitting various documents.

Moreover, solar panels to be imported are removed from the scope of incentives and VAT exemption through the "Communique (Communique No: 2016/2) on Amending the Communique (Communique No: 2012/1) on the Implementation of the Decision on State Aid for Investments", which was published in the Official Gazette No. 28329 of June 25, 2016. Out of our SPP projects, those that have not applied for or received VAT exemption and investment incentive before the date of publication of the Communique cannot benefit the VAT exemption and customs duty exemption for the solar panels they will import.

Acacia Mine has received an investment incentive certificate from the Ministry of Economy under the "Large Scale Investment" plan for the mining facility in Kastamonu on April 27, 2014. Under this incentive, 40% of the total investment amount is based on tax exemption and 80% of the future tax amount of the company will not be paid within the scope of incentive until reaching the base for tax exemption. In addition, Acacia Mine benefits from SSK employer fee support.

Akfen Construction's hospital projects are subject to corporate tax at reduced rates, effective from the financial year in which the investment is partially or fully operational until the investment reaches the contribution amount. In this context, the Group recognizes the tax advantage that it expects to benefit from investment incentive companies as deferred tax asset in the financial statements.

All of the HEPP Companies projects in Akfen Renewable's portfolio, with the exception of Sırma HEPP, are within the scope of The Law On The Utilization Of Renewable Energy Resources For The Purpose of Generating Electrical Energy. Projects included in this scope have the right to benefit from the government's guarantee of purchasing a minimum of 7,3 USD cents/kWh from generation for 10 years from the date commissioning, if they obtain a Renewable Energy Resources Certificate and complete their investments by 30 June 2021. Within the scope of the aforementioned support mechanism, WPP portfolio can benefit a purchasing guarantee over 7,3 USD cents/kWh while the SPP portfolio can benefit a purchasing guarantee of 13,3 USD cents/kWh. It is regulated that the holders of WPP certified generation licenses subject to the Renewable Energy Resources ("YEK") support mechanism ("YEKDEM") that will be put into operation from January 1, 2021 to June 30, 2021, can benefit from the incentives regulated in Article 6 and Article 6/B of the Law on the Use of Renewable Energy Resources for the Purpose of Electricity Generation ("Law") until December 31, 2030 with the President's decision dated September 17, 2020 and numbered 2949 ("Decision"), published in the Official Gazette numbered 31248 on September 18, 2020 and entered into force on the same day. In the situation before the decision came into force, the incentives for the WPP support mechanism would only be applied to the WPP certified generation license holders that would go into operation before December 31, 2020. Within the scope of the relevant regulation, if the investments are completed by June 30, 2021, WPP companies can benefit from a minimum purchase guarantee of 7,3 USD cent/kWh, and SES companies a minimum of 13,3 USD cent/kWh.

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#### 19. GOVERNMENT INCENTIVES AND GRANTS (cont'd)

Within the scope of the same law, there are various domestic contribution additions in case of domestic equipment being used in the production facility. As of October 19, 2017, the application for Solentegre SPP project under Solentegre within the "Regulation on Supporting Domestic Parts Used in Facilities Producing Electric Energy from Renewable Energy Sources" has been evaluated positively and it was entitled a domestic contribution of 0,44 USD cent/kWh starting from 1 January 2018. However, the other licensed SPP in the Akfen Renewable portfolio are Me-Se, MT, Engil 208, Erciş and Yaysun, as of 1 January 2019, Engil 207 as of 1 January 2020, with 0,44 USD cent / kWhs and licensed WPP projects, as of 1 January 2020, Kocalar, Hasanoba, Üçpınar and Denizli have been entitled to receive a domestic contribution of 0,60 USD cent/kWh. The period of benefiting from the local additive supplement ends at the end of the 5th year of the YEKDEM period of the relevant power plant.

#### 20. INVESTMENTS ACCOUNTED USING THE EQUITY METHOD

The carrying amounts of investments accounted using the equity method of the Group as of as of June 30, 2023 and December 31, 2022, are as follows:

	<b>Shareholding Rates (%)</b>	<b>June 30, 2023</b>	<b>Shareholding Rates (%)</b>	<b>December 31, 2022</b>
Acacia Mine <sup>(1)</sup>	45.50	2,733,863	25.50	1,108,329
Akfen REIT	13.94	1,424,881	13.94	1,079,109
MDO <sup>(2)</sup>	50.00	-	50.00	-
Biz Mining <sup>(3)</sup>	50.00	-	100.00	-
Akfen Water <sup>(4)</sup>	100.00	-	50.00	29,459
Akfen Renewable <sup>(5)</sup>	-	-	66.91	4,441,307
		<b>4,158,744</b>		<b>6,658,204</b>

<sup>(1)</sup> After the share sale on July 22, 2022, the ownership rate of Acacia Mine decreased from 30% to 25.5%. On March 31, 2023, the Company purchased 20% of Acacia Mine's shares from İzbir Mine, and its ownership rate increased to 45.5%. Profit or loss items of Acacia Mine were consolidated at the rate of 25.5% before the share purchase until March 31, 2023 and at the rate of 45.5% after the share purchase from March 31, 2023 until June 30, 2023.

<sup>(2)</sup> Since the equity amount of MDO is negative, the value of the company included in the consolidated financial statements is taken as zero.

<sup>(3)</sup> On January 2, 2023, the Company transferred 50% of BİZ Mining's shares which it owns all shares to İlbak Mining and Biz Mining, a subsidiary of the Company as of December 31, 2022, became a joint venture as of June 30, 2023 and started to be accounted for using the equity method. Since the equity amount of BİZ Mining is negative, the value of the company included in the consolidated financial statements is taken as zero.

<sup>(4)</sup> The Company completed the purchase of 50% shares of TASK Water B.V. in Akfen Water on January 5, 2023 and Akfen Water, the joint venture of the Company as of December 31, 2022, became a subsidiary as of June 30, 2023.

<sup>(5)</sup> The company acquired all the shares of EBRD and IFC in Akfen Renewable Energy on January 18, 2023 and became the 100% owner of the company and Akfen Renewable Energy, a joint venture of the Company as of December 31, 2022, became a subsidiary as of June 30, 2023. On March 2, 2023, the Capital Markets Board approved the public offering of Group B shares with a nominal value of TRY 340,370,703 owned by the Company in Akfen Renewable Energy. Group B shares with a nominal value of TRY 340,370,703 were offered for sale between March 8, 2023 and March 10, 2023, and Akfen Renewable Energy shares with a total nominal value of TRY 340,370,703 (33.5% of the capital) were offered to the public. As a result, as of June 30, 2023, Akfen Holding's share in Akfen Renewable Energy was 66.5%. As of June 30, 2023, Akfen Renewables is accounted for in the consolidated financial statements of the Group using the full consolidation method, not as an investment accounted for using the equity method.

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#### 20. INVESTMENTS ACCOUNTED USING THE EQUITY METHOD *(cont'd)*

The Group's shares in the profits or losses of its investments accounted using the equity method in the profit or loss statement for periods ended on June 30 are as follows:

	<u>2023</u>	<u>2022</u>
Akfen REIT (*)	350,828	301,580
Acacia Mine (**)	(20,007)	356,727
MDO (***)	(127,049)	(196,294)
Akfen Renewable (****)	-	428,187
Akfen Water (****)	-	5,413
	<u>203,772</u>	<u>895,613</u>

(\*) After the share sale on November 14, 2022, the ownership rate of Akfen REIT decreased from 23.94% to 13.94%. Profit or loss items of Akfen REIT were consolidated at the rate of 23.94% which is the pre-sale ownership rate and the closest accounting period to the share sale date until September 30, 2022 and at the rate of 13.94% which is the ownership rate after the share sale on November 14, 2022 between September 30, 2022 to June 30, 2023.

(\*\*) After the share sale on July 22, 2022, the ownership rate of Acacia Mine decreased from 30% to 25.5%. Profit or loss items of Acacia Mine were consolidated at the rate of 30% which is the pre-sale ownership rate and the closest accounting period to the share sale date until June 30, 2022 and at the rate of 25.5% which is the ownership rate after the share sale on July 22, 2022 between June 30, 2022 to December 31, 2022. On March 31, 2023, the Company purchased 20% of Acacia Mine's shares from İzbir Mine, and its ownership rate increased to 45.5%. Profit or loss items of Acacia Mine were consolidated at the rate of 25.5% before the share purchase until March 31, 2023 and at the rate of 45.5% after the share purchase from March 31, 2023 until June 30, 2023.

(\*\*\*) The said loss figures consist of the capital sent to MDO within the scope of the guarantee in the relevant periods.

(\*\*\*\*) On January 2, 2023, the Company transferred 50% of BİZ Mining's shares which it owns all shares to İlbak Mining and Biz Mining, a subsidiary of the Company as of December 31, 2022, became a joint venture as of June 30, 2023 (Note 3).

(\*\*\*\*\*) It is accounted for with the full consolidation method as of June 30, 2023 (Note 3).

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**20. INVESTMENTS ACCOUNTED USING THE EQUITY METHOD (cont'd)**

As of June 30, 2023 and 2022, the movements in investments accounted using the equity method are as follows:

	<u>January 1, 2023</u>	<u>Period profit/(loss)</u>	<u>Other equity movements</u>	<u>Liability cap adjustment <sup>(*)</sup></u>	<u>Other adjustments related to profit or loss in consolidation <sup>(**)</sup></u>	<u>Share sale (Note 3)</u>	<u>June 30, 2023</u>
Akfen Renewable	4,441,307	-	-	-	-	(4,441,307)	-
Akfen REIT	1,079,109	350,828	(5,056)	-	-	-	1,424,881
Acacia Mine	1,108,329	(18,335)	675,017	-	(1,672)	970,524	2,733,863
Akfen Water	29,459	-	-	-	-	(29,459)	-
MDO	-	(1,322,721)	127,049	1,195,672	-	-	-
Biz Mining	-	(103)	-	103	-	-	-
	<b>6,658,204</b>	<b>(990,331)</b>	<b>797,010</b>	<b>1,195,775</b>	<b>(1,672)</b>	<b>(3,500,242)</b>	<b>4,158,744</b>

  

	<u>January 1, 2022</u>	<u>Period profit/(loss)</u>	<u>Other equity movements</u>	<u>Liability cap adjustment <sup>(*)</sup></u>	<u>Other adjustments related to profit or loss in consolidation <sup>(**)</sup></u>	<u>Share sale</u>	<u>June 30, 2022</u>
Akfen Renewable	3,420,676	428,187	(883,599)	-	-	-	2,965,264
Akfen REIT	1,027,841	301,580	113,381	-	-	-	1,442,802
Acacia Mine	637,525	358,572	194,782	-	(1,845)	-	1,189,034
Akfen Water	24,664	5,413	(13)	-	-	-	30,064
MDO	-	(679,246)	196,294	482,952	-	-	-
	<b>5,110,706</b>	<b>414,506</b>	<b>(379,155)</b>	<b>482,952</b>	<b>(1,845)</b>	<b>-</b>	<b>5,627,164</b>

(\*) After the project financing was restructured in July 2021, the parts of the guarantor amounts between MDO and the Company for the relevant period were paid as of June 30, 2023 and December 31, 2022 and since the equity amount of MDO is negative, the value of the company included in the consolidated financial statements is taken as zero.

(\*\*) Acacia Mine's net assets include assets related to mineral reserves and goodwill. Depreciation expense amounting to TRY 2,091 (June 30, 2022: TRY 2,307) and deferred tax income amounting to TRY 418 (June 30, 2022: TRY 461) belonging to the assets related to the mineral reserve accounted in the "Share of income/(loss) from investments accounted using the equity method" in the consolidated financial statement of profit or loss.

Equity effect arising from hedging agreements made by subsidiaries, functional currency differences between Akfen Holding and joint ventures, remeasurements of defined benefit plans and revaluation of property, plant and equipment are accounted for under other comprehensive income items (Note 24).

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### Notes to the Consolidated Financial Statements as at and For the Period ended June 30, 2023

#### 20. INVESTMENTS ACCOUNTED USING THE EQUITY METHOD (cont'd)

##### Akfen Renewable Energy:

The company acquired all the shares of EBRD and IFC in Akfen Renewable Energy on January 18, 2023 and became the 100% owner of the company and Akfen Renewable Energy, a joint venture of the Company as of December 31, 2022, became a subsidiary as of June 30, 2023.

Summary financial information on Akfen Renewable Energy as of December 31, 2022 and June 30, 2022, is provided below:

	<u>December 31, 2022</u>
Total Assets	17,802,250
Total Liabilities	10,801,622
Net Assets	7,000,628
<b>Group's share in Akfen Renewable Energy's net assets</b>	<b>4,683,910</b>
Change in the share of partnership (*)	(242,603)
<b>Carrying value</b>	<b>4,441,307</b>
	<u>January 1- June 30, 2022</u>
Revenue	1,266,489
Gross profit	783,115
General administrative expenses	(30,527)
Other operating income expense, net	49,859
Operating profit	802,447
Profit before tax	616,466
Profit after tax	640,520
Profit for the year from parent company shares	639,973
<b>Group's share in Akfen Renewable's profit for the period</b>	<b>428,187</b>
Depreciation and amortization expenses	235,991

(\*) It is the effect of changes in the ownership ratios of Akfen Renewables in previous years on the consolidated financial statements of the Group.

In calculating Akfen Renewable's fair values, the government's minimum purchase prices, details of which are given in Note 1 are used during the Renewable Energy Resources Support Mechanism ("Yekdem") period, and the estimated average market selling prices after Yekdem are used. The discount rates used in the valuation reports prepared as of December 31, 2022 are 13.6% in USD terms.

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### Notes to the Consolidated Financial Statements as at and For the Period ended June 30, 2023

#### 20. INVESTMENTS ACCOUNTED USING THE EQUITY METHOD (cont'd)

##### Akfen REIT:

The summary financial information of Akfen REIT as of June 30, 2023, 2022 and December 31, 2022, is as follows:

	<b><u>June 30, 2023</u></b>	<b><u>December 31, 2022</u></b>
Total Assets	16,637,427	12,386,047
Total Liabilities	6,416,906	4,645,736
Net Assets	10,220,521	7,740,311
<b>Group's share in Akfen REIT's net asset</b>	<b><u>1,424,881</u></b>	<b><u>1,079,109</u></b>
	<b><u>January 1- June 30, 2023</u></b> (*)	<b><u>January 1- June 30, 2022</u></b> (*)
Revenue	342,862	176,175
Gross profit	328,543	167,783
General administrative and selling marketing expenses	(18,577)	(8,661)
Other operating income, net	4,434,886	1,405,153
Operating profit	4,744,852	1,564,275
Profit before tax	2,776,327	1,422,263
Profit after tax	2,439,108	1,283,115
Profit for the period from parent company shares	2,516,448	1,259,697
<b>Group's share in Akfen REIT's profit for the period</b>	<b><u>350,829</u></b>	<b><u>301,580</u></b>
Depreciation and amortization expenses	1,149	1,124

(\*) After the share sale on November 14, 2022, the ownership rate of Akfen REIT decreased from 23.94% to 13.94%. Profit or loss items of Akfen REIT were consolidated at the rate of 23.94% which is the pre-sale ownership rate and the closest accounting period to the share sale date until September 30, 2022 and at the rate of 13.94% which is the ownership rate after the share sale on November 14, 2022 between September 30, 2022 to June 30, 2023.

Fair values of the Group's investment properties are calculated by a real estate appraisal Group included in the list of authorized companies to offer appraisal services within the framework of the CMB legislation as of June 30, 2023 December 31, 2022. The fair values of the investment properties of which right of buildings are held, are determined as the present value of aggregate of the estimated cash flows expected to be received from renting out the property and the fair values of the investment properties which the Group owns, are determined as the present value of aggregate of the estimated cash flows for the period of lease agreement made. In the valuation process, a projection period which fits to the lease term for right of tenancy of each hotels is taken into consideration. The fair value is calculated by discounting the estimated cash flows at a rate which is appropriate for the risk level of the economy, market and the business to determine its present value.

As of June 30, 2023 and December 31, 2022, the discount rates used in the Euro valuation report prepared according to different versions are in the range of 9.75-12% (December 31, 2022: %9.5-11.5%), the discount rates for assets valued in TRY are determined as 24% (December 31, 2022: 24%) and the discount rates for assets valued in Ruble are determined as 12.68-13.68% (December 31, 2022: 12.93-14.93%) in the calculation of the fair values of operating investment properties.

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#### 20. INVESTMENTS ACCOUNTED USING THE EQUITY METHOD (cont'd)

##### MDO

The summary financial information of MDO as of June 30, 2023, 2022 and December 31, 2022, is as follows:

	<u>June 30, 2023</u>	<u>December 31, 2022</u>
Total Assets	4,838,972	4,916,789
Total Liabilities	10,961,122	8,451,372
Net Assets	<u>(6,122,150)</u>	<u>(3,534,583)</u>
<b>Group's share in MDO's net asset</b>	<b><u>(3,061,075)</u></b>	<b><u>(1,767,291)</u></b>
	<u>January 1-</u> <u>June 30, 2023</u>	<u>January 1-</u> <u>June 30, 2022</u>
Revenue	673,302	509,812
Gross profit	(1,332)	(34,563)
General administrative and selling marketing expenses	(69,582)	(52,449)
Other operating expense, net	(18,090)	(15,655)
Share of profit from investments accounted using the equity method	7,524	2,639
Operating profit	(81,480)	(100,028)
Loss before tax	(2,645,442)	(1,358,491)
Loss after tax	(2,645,442)	(1,358,491)
Loss for the period from parent company shares	<u>(2,645,442)</u>	<u>(1,358,491)</u>
<b>Group's share in MDO's loss for the period</b>	<b><u>(1,322,721)</u></b>	<b><u>(679,246)</u></b>
<b>Group share of MDO recognized as loss for the period</b>	<b><u>(127,049)</u></b>	<b><u>(196,294)</u></b>
Depreciation and amortization expenses	<u>116,846</u>	<u>70,740</u>

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#### 20. INVESTMENTS ACCOUNTED USING THE EQUITY METHOD (cont'd)

##### Akfen Water:

The Company completed the purchase of 50% shares of TASK Water B.V. in Akfen Water on January 5, 2023 and Akfen Water, the joint venture of the Company as of December 31, 2022, became a subsidiary as of June 30, 2023.

The summary financial information of Akfen Water as of December 31, 2022 and June 30, 2022 is as follows:

	<u>December 31, 2022</u>
Total Assets	65,038
Total Liabilities	6,120
Net Assets	58,918
<b>Group's share in the net assets of Akfen Water</b>	<b>29,459</b>
	<u>January 1- June 30, 2022</u>
Revenue	13,719
Gross profit	1,891
General administrative expenses	(2,616)
Other operating expense, net	(1)
Operating loss	(726)
Profit before tax	9,801
Profit after tax	10,826
Profit for the period from parent company shares	10,826
<b>Group's share in Akfen Water's profit for the period</b>	<b>5,413</b>
Depreciation and amortization expenses	56

##### Acacia Mine:

The summary financial information of Acacia Mine as of June 30, 2023, 2022 and December 31, 2022, is as follows:

	<u>June 30, 2023</u>	<u>December 31, 2022</u>
Total Assets	9,312,794	7,248,064
Total Liabilities	3,664,279	3,018,364
Net Assets	5,648,515	4,229,700
<b>Group's share in the net assets of Acacia Mine</b>	<b>2,570,074</b>	<b>1,078,573</b>
Mining property reserves (*)	24,962	26,635
Goodwill carried at Group level (*)	138,827	3,121
<b>Carrying value</b>	<b>2,733,863</b>	<b>1,108,329</b>
	<u>January 1- June 30, 2023 (*)</u>	<u>January 1- June 30, 2022</u>
Revenue	2,392,967	1,674,966
Gross profit	1,514,101	822,552
General administrative and selling marketing expenses	(200,574)	(185,909)
Other operating income, net	39,286	9,591
Operating profit	1,352,813	646,234
Profit before tax	630,459	1,232,242
Profit after tax	(108,730)	1,195,238
Profit for the period from parent company shares	(108,730)	1,195,238
<b>Group's share in Acacia Mine's profit for the period before purchase price allocation</b>	<b>(18,335)</b>	<b>358,572</b>
<b>Group's share in Acacia Mine's profit for the period after purchase price allocation (**)</b>	<b>(20,007)</b>	<b>356,727</b>
Depreciation and amortization expenses	280,796	173,657



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#### 20. INVESTMENTS ACCOUNTED USING THE EQUITY METHOD (cont'd)

##### Acacia Mine (cont'd)

(\*) Net assets of Acacia Mine include mining property reserves and goodwill. On March 31, 2023, 20% of Acacia Mine's shares were purchased by Group, and the difference between the share value of Acacia Mine on the date of purchase and purchase price, which is TRY 135,706, was accounted for as "Goodwill" under "Investments Accounted Using the Equity Method" (Note 3). As of June 30, 2023, regarding the recognized the mining property reserves, amortization expense amounted to TRY 2,091 (June 30, 2022: TRY 2,307) and deferred tax income amounted to TRY 418 (June 30, 2022: TRY 461) have been recognized under "Share in profits/(losses) on investments accounted for using the equity method" in the consolidated financial statements.

(\*\*)After the share sale on July 22, 2022, the ownership rate of Acacia Mine decreased from 30% to 25.5%. Profit or loss items of Acacia Mine were consolidated at the rate of 30% which is the pre-sale ownership rate and the closest accounting period to the share sale date until June 30, 2022 and at the rate of 25.5% which is the ownership rate after the share sale on July 22, 2022 between June 30, 2022 to December 31, 2022. On March 31, 2023, the Company purchased 20% of Acacia Mine's shares from İzbir Mine, and its ownership rate increased to 45.5%. Profit or loss items of Acacia Mine were consolidated at the rate of 25.5% before the share purchase until March 31, 2023 and at the rate of 45.5% after the share purchase from March 31, 2023 until June 30, 2023. On April 27, 2014, Acacia Mine received investment incentive certificate for the mining facility in Kastamonu in the "Large Scale Investment" plan from Ministry of Economy. Within the scope of this incentive, 40% of total investment amount constitutes the basis for tax exemption and 80% of the future tax amount of the company will not be paid under the incentive until it reaches the base of tax exemption.

#### 21. COMMITMENTS

##### Letters of guarantee, pledges and mortgages given

As of June 30, 2023 and December 31, 2022, the Group's statements on its position related to letters of guarantee/pledges/mortgages are as follows:

<u>GPM given by the Group</u>	<u>June 30, 2023</u>	<u>December 31, 2022</u>
A. Total Amount of GPM Given on Behalf of Own Legal Entity	79,513,052	33,471,102
B.Total Amount of GPM Given in Favor of Partnerships which are Fully Consolidated	4,066,570	532,880
C.Total Amount of GPM Given for Assurance of Third Parties		
Debts in Order to Conduct Usual Business Activities	-	-
D. Total Amount of Other GPM Given	1,633,610	3,898,504
i. Total Amount of GPM Given in Favor of the Parent Company	-	-
ii. Total Amount of GPM Given in Favor of Other Group Companies which B and C do not comprise	1,633,610	3,898,504
iii. Total Amount of GPM Given in Favor of Third Parties which C does not comprise	-	-
<b>Total</b>	<b>85,213,232</b>	<b>37,902,486</b>

As of June 30, 2023, the ratio of other GPM given by the Company to equity is %7 (December 31, 2022: %20).

The breakdown, in foreign currency, of the GPM the Group has given is as follows:

	<u>June 30, 2023 (*)</u>			<u>December 31, 2022 (*)</u>		
	<u>TRY</u>	<u>Euro</u>	<u>US Dollar</u>	<u>TRY</u>	<u>Euro</u>	<u>US Dollar</u>
GPM given on behalf of the Group's own legal entity	1,442,507	29,144,841	48,925,704	195,181	20,500,978	12,774,943
GPM given in favor of companies under full consolidation	413,470	322,945	3,330,155	210,554	228,666	93,660
Total of other GPMs given	158,800	83,791	1,391,019	147,000	103,182	3,648,322
	<b>2,014,777</b>	<b>29,551,577</b>	<b>53,646,878</b>	<b>552,735</b>	<b>20,832,826</b>	<b>16,516,925</b>

(\*)All amounts are expressed in TRY equivalent.

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#### 22. FINANCIAL INVESTMENTS

##### Short-term financial investments

The details for short-term financial investments as of June 30, 2023 and December 31, 2022, are as follows:

	June 30, 2023	December 31, 2022
Financial assets at fair value through profit or loss	1,117,740	722,989
<b>Total short-term financial investments</b>	<b>1,117,740</b>	<b>722,989</b>

##### Long-term financial investments

The details for long-term financial investments as of June 30, 2023 and December 31, 2022, are as follows:

	June 30, 2023	December 31, 2022
Financial assets at fair value through profit or loss	2,102,828	1,778,448
Financial assets at fair value through other comprehensive income	6,927,915	5,683,981
<b>Total long-term financial investments</b>	<b>9,030,743</b>	<b>7,462,429</b>

##### Financial assets at fair value through profit or loss

As of June 30, 2023 and December 31, 2022, TRY 190,026 of the financial assets whose short and long term fair value differences are reflected to profit/loss consist of the currency-protected deposits and the remaining amount consists of Group's bonds and investment funds with a maturity of more than 3 months, and all of these assets are in US currency.

As of June 30, 2023, fair value loss amount of TRY 494,447 related to the mentioned assets is accounted in the consolidated statement of income or expense (Note 30) (June 30, 2022: TRY 520,826 fair value loss).

##### Financial assets at fair value through other comprehensive income

	2023	2022
<b>January 1</b>	<b>5,683,981</b>	<b>3,723,028</b>
Revaluation increases accounted for as other comprehensive income	1,243,834	1,217,367
Change in scope of consolidation (Note 3)	100	-
Other	-	3
<b>June 30</b>	<b>6,927,915</b>	<b>4,940,398</b>

As of June 30, 2023, TRY 6,750,253 of other long-term investments consists of MIP, TRY 10,530 of Travalex Group Investment, TRY 153,994 of Tepe Akfen Reformer TAR shares and TRY 12,912 of Tav Investment shares. (December 31, 2022 : MIP; TRY 5,560,452, Travelex; TRY 10.530, Tepe Akfen Reformer TAR; TRY 103,523, Tav Investment; TRY 9,349). Sensitivity analysis regarding the fair value of MIP recognized in the consolidated financial statements of the Group is given in Note 34.

#### 23. OTHER CURRENT/NON-CURRENT ASSETS AND CURRENT LIABILITIES

As of June 30, 2023 and December 31, 2022, other current assets are stated as follows:

	June 30, 2023	December 31, 2022
VAT carryforward	35,549	22,812
Other	3,134	1,128
<b>Total</b>	<b>38,683</b>	<b>23,940</b>

As of June 30, 2023 and December 31, 2022, other non-current assets are stated as follows:

	June 30, 2023	December 31, 2022
VAT carryforward	134,880	84,667
Prepaid taxes and funds	2,852	863
Other	578	632
<b>Total</b>	<b>138,310</b>	<b>86,162</b>

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## Akfen Holding Anonim Şirketi

### Notes to the Consolidated Financial Statements as at and For the Period ended June 30, 2023

#### 23. OTHER CURRENT/NON-CURRENT ASSETS AND CURRENT LIABILITIES (cont'd)

##### Other current liabilities

As of June 30, 2023 and December 31, 2022, other current liabilities are stated as follows:

	June 30, 2023	December 31, 2022
Advances received <sup>(1)</sup>	55,624	40,204
Other	548	498
	<b>56,172</b>	<b>40,702</b>

<sup>(1)</sup> As of June 30, 2023, TRY 42,677 of advances received (December 31, 2022: TRY 30,847) consists of advances received by the Group for Acacia Mine.

#### 24. EQUITY

##### Issued Capital

As of June 30, 2023 and December 31, 2022, the Company's capital structure is as follows:

Name of shareholder	June 30, 2023		December 31, 2022	
	Share ratio (%)	Share amount	Share ratio (%)	Share amount
Pelin Akın Özalp	47.10	428,652	47.10	428,652
Selim Akın	47.10	428,652	47.10	428,652
Hamdi Akın	3.29	29,902	3.29	29,902
Akfen Holding	2.27	20,648	2.27	20,648
Akfen Tourism	0.24	2,146	0.24	2,146
<b>Nominal</b>	<b>100</b>	<b>910,000</b>	<b>100</b>	<b>910,000</b>
<b>Total issued capital</b>	<b>100</b>	<b>910,000</b>	<b>100</b>	<b>910,000</b>

##### Restricted reserves appropriated from profits

In accordance with Article 520 of the Law no. 6102, reserve fund is allocated for the shares repurchased. As of June 30, 2023, legal reserves in the financial statements is TRY 2,569,611 (December 31, 2022: TRY 2,571,933).

##### Foreign currency translation differences

As of June 30, 2023 the translation reserve amounting to TRY 1,709,538 recognized in the equity is comprised of foreign exchange difference arising from the translation of the financial statements of Akfen REIT, TAV Investment, Acacia Mine and Akfen Construction from their functional currency of USD, Euro and Ruble to the presentation currency TRY. (December 31, 2022: TRY 964,273 – Akfen REIT, TAV Investment, Acacia Mine and Akfen Construction - USD, Euro, Ruble).

Currency translation differences recognized in the consolidated statement of profit or loss and other comprehensive income as of June 30, 2023 are TRY 738,809 (June 30, 2022: TRY 307,873)

##### Tangible asset revaluation increases

As of June 30, 2023, the amount of tangible fixed asset valuation increase fund under equity in the consolidated financial statements of the Group is TRY 9,971,859 (TRY 9,933,809 from the power plant valuation of Akfen Renewable, TRY 38,050 consists of valuations for buildings owned by Akfen Construction). (December 31, 2022: TRY 6,036,935-TRY 5,998,885 consists of the power plant valuation of Akfen Renewable, TRY 38,050 consists of Akfen Construction).

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### **Notes to the Consolidated Financial Statements as at and For the Period ended June 30, 2023**

#### **24. EQUITY (cont'd)**

##### ***Effect of business combinations under common control***

Based on the decision of the Board of Directors of Akfen Holding dated 5 January 2018; the merger of Akfen Engineering, which has the same partnership with the Company, was completed on February 28, 2018, with no liquidation and participation in the Company as a whole. In addition, the acquisitions of IBS Insurance on March 17, 2018, and Akfen Construction on May 30, 2018 were completed. With the decision of Akfen Holding Board of Directors dated September 21, 2021, it was decided that Akfen Altyapı Holding, which owns the majority shares of the Company (89.49%), joins the Company as a whole, without liquidation. At the Akfen Holding Extraordinary General Assembly meeting held on November 2, 2021, the merger was unanimously approved. As of November 10, 2021, the merger of Akfen Holding and Akfen Altyapı was completed and Akfen Altyapı was dissolved without liquidation. In addition, on January 5, 2023, the Company completed the purchase of the remaining 50% shares of Akfen Water from TASK Water B.V. All of these transactions were evaluated as "Effect of transactions under common control" and accounted "Pooling of Interest" method. The "Effects of business combinations under common control" account is used under equity to offset the inconsistency of assets and liabilities arising under common control effects.

##### ***Non-controlling interests***

Out of the net assets of subsidiaries, the portions corresponding to the shares out of direct and/or indirect control of the parent company are classified within the item "Non-controlling interest" in the consolidated balance sheet.

As of June 30, 2023, the amount classified under non-controlling interests in the balance sheet is TRY 1,983,110 (December 31, 2022: TRY 8,329). The net profit/(loss) of the subsidiaries that are not directly and/or indirectly controlled by the parent company is classified under the "Non-controlling interest" in the consolidated statement of comprehensive income. For the periods ended at June 30, 2023 and 2022, gains/losses of non-controlling interests are TRY 85,334 and TRY (5,434), respectively.

##### ***Other revaluation and measurement gains***

The fair value of MIP, Travelex Group Investment and Tepe Akfen Reformer TAR, which are recognized as financial investments in the Group's financial statements, as of June 30, 2023. It was evaluated within the scope of TFRS 9 standard and occurred in the value of financial investment. TRY 1,181,646 of the change of TRY 1,243,837, net of deferred tax, is recognized as revaluation and measurement gains in the Group's consolidated financial statements under accumulated other comprehensive income that will not be reclassified to profit or loss. (June 30, 2022: TRY 1,156,499 net of the change in the value of the financial investment amounting to TRY 1,217,367 of deferred tax). As of June 30, 2023, other revaluation and measurement gains recognized under equity in the consolidated financial statements are TRY 5,799,241 (December 31, 2022: TRY 4,617,595).

##### ***Reserve hedge fund***

The Group's hedging losses amounting to TRY 6,203,217 as of June 30, 2023 (December 31, 2022: TRY 3,114,278) are due to Akfen Renewables has started to apply hedge accounting (hedging in cash flow risk) as an accounting policy, one of the application methods specified within the scope of TAS 39, as of July 1, 2020. The Group has recognized other comprehensive expense for hedging cash flow risk in the other comprehensive income statement amounting to TRY 2,234,671 including the effect of deferred tax income (TRY 2,793,336, excluding the effect of deferred tax income) for period ended June 30, 2023 (June 30, 2022: TRY 884,624 - including deferred tax income effect, (TRY 1,105,780 excluding deferred tax income effect).

##### ***Other equity shares***

As of February 16, 2023, 85.16% of Akfen Karaköy's 8.53% shares (7.26% of total shares) owned by third parties were taken over by Akfen GT as a deduction for the existing receivables of Akfen GT from the other partners of Akfen Karaköy together with the accrued interest until the share transfer date, and 14.84% of the remaining shares (1.27% of the total shares) by Akfen Holding with a price of 1,500,000 USD. After the aforementioned share purchase, Akfen GYO's direct and indirect ownership in Akfen Karaköy became 98.73%. On May 2, 2023, the Company purchased the 1.27% Akfen Karaköy shares belonging to Akfen Holding for TRY 16,048,940 and with the aforementioned share transfer, Akfen Karaköy became a 100% subsidiary of the Company. After the said share purchase, Akfen REIT's direct and indirect ownership in Akfen Karaköy was 100% as of June 30, 2023 (December 31, 2022: %91.47). As a result, as of June 30, 2023, the difference between the total purchase price of TRY 177,928 and the share value of TRY 99,709 which is the difference between TRY 78,218 which has an impact on the Company's financials amounting to TRY 10,905 has been accounted for in other equity shares (December 31, 2022: None).

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## Akfen Holding Anonim Şirketi

### Notes to the Consolidated Financial Statements as at and For the Period ended June 30, 2023

#### 25. SALES AND COST OF SALES

The breakdown of revenue for the periods ended June 30 is as follows:

	<u>January 1- June 30, 2023</u>	<u>January 1- June 30, 2022</u>
<b><u>Construction revenues</u></b>		
Croatia project incomes <sup>(1)</sup>	158,756	-
Yalıkavak project incomes <sup>(2)</sup>	65,657	-
<b><u>Operational revenues</u></b>		
Electricity sales revenues	1,488,162	-
Hospital service revenues <sup>(3)</sup>	586,897	335,719
Apartment sales revenues <sup>(4)</sup>	78,661	87,765
Commercial area revenues	50,336	26,943
Accommodation income <sup>(5)</sup>	23,266	15,571
Dormitory revenues	9,839	5,710
Other	7,273	9,246
Waste management service revenues	1,709	-
Sales returns (-)	(3,146)	(5,888)
	<b>2,467,410</b>	<b>475,066</b>

<sup>(1)</sup> These are the construction revenues obtained for the project awarded and won by Akfen İnşaat and Dost İnşaat (with 60% Akfen-40% Dost İnşaat partnership) for the Renovation and Reconstruction tender of the Sister of Mercy Hospital in Zagreb, Croatia, on 14 May.

<sup>(2)</sup> These are the construction revenues of the villa project planned to be developed on the Bodrum Yalıkavak land by Akfen REIT.

<sup>(3)</sup> Isparta, Eskişehir and Tekirdağ City Hospitals started operations as of March 2017, October 2018 and November 2020, respectively, and the Group started to generate revenue from its hospital management activities.

<sup>(4)</sup> It consist of apartment sales revenues of the İncek Loft project.

<sup>(5)</sup> Bodrum Loft Hotel started operations as of July 1, 2020 and the Group started to earn accommodation income. Accommodation income also includes other income such as food, beverage, etc.

For the periods ended as of June 30, details of cost of sales are as follows:

	<u>January 1- June 30, 2023</u>	<u>January 1- June 30, 2022</u>
Hospital service expenses (*)	636,392	295,794
Depreciation and amortization expenses	307,936	3,506
Construction costs	224,506	11,862
System usage fee	108,318	-
Personnel expenses	100,512	24,180
Maintenance and repair expense	93,153	-
Contribution fee expenses	79,298	-
Insurance expenses	42,927	7,429
Food and beverage expenses	21,313	12,062
Tax and duties expenses	15,366	460
Consulting expenses	11,231	-
Operational lease expenses	5,967	3,190
Energy expenses	4,913	3,148
Other	71,095	20,022
	<b>1,722,927</b>	<b>381,653</b>

(\*) Isparta, Eskişehir and Tekirdağ City Hospitals started operations as of March 2017, October 2018 and November 2020, respectively, and the Group started to generate revenue from its hospital management activities.

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## Akfen Holding Anonim Şirketi

### Notes to the Consolidated Financial Statements as at and For the Period ended June 30, 2023

#### 26. GENERAL ADMINISTRATIVE EXPENSES

General administrative expenses for the periods ended June 30, are as follows:

	<u>January 1- June 30, 2023</u>	<u>January 1- June 30, 2022</u>
Personnel expenses	97,658	44,561
Consultancy expenses	85,352	9,767
Donations (*)	30,753	1,188
Travel and hosting expenses	19,689	7,636
Depreciation expenses	10,896	9,226
Taxes, duties and fees	9,640	2,345
Office expenses	6,533	3,008
Rent expenses	7,022	2,841
Insurance expenses	1,624	806
Other	13,732	6,242
	<b>282,899</b>	<b>87,620</b>

(\*) As of June 30, 2023, donations consist of earthquake donations and Akfen Construction's donations made related to the Tekirdağ project.

#### 27. SELLING AND MARKETING EXPENSES

Selling and marketing expenses for the periods ended June 30, are as follows:

	<u>January 1- June 30, 2023</u>	<u>January 1- June 30, 2022</u>
Dues expenses	1,920	1,127
Advertising expenses	478	666
Other	3,183	1,570
	<b>5,581</b>	<b>3,363</b>

#### 28. OTHER INCOMES AND EXPENSES FROM OPERATING ACTIVITIES

Other incomes from operating activities for the periods ended June 30, are as follows:

	<u>January 1- June 30, 2023</u>	<u>January 1- June 30, 2022</u>
Increase in value due to Service Concession Agreements (Note 10)	7,137,360	2,846,791
Profit on sales of investment properties	28,910	415
Rent revenue	8,101	7,164
Reversal of impairment of receivable	944	9,739
Increase in value of investment properties (Note 11)	-	32,592
Other (*)	808,515	5,656
	<b>7,983,830</b>	<b>2,902,357</b>

(\*) As of June 30, 2023, TRY 786,141 of the said amount consists of income from waiver of debts to MIP and its partners.

Other expenses from operating activities for the periods ended June 30, are as follows:

	<u>January 1- June 30, 2023</u>	<u>January 1- June 30, 2022</u>
Exchange difference expense	355,229	4,536
Decrease in value of investment properties (Note 11)	31,375	-
Transfer fee expenses (**)	21,769	24,703
Provision for doubtful receivables	13,239	4,121
Litigation expense	2,376	-
Impairment of receivables	1,867	-
Other (*)	235,187	1,197
	<b>661,042</b>	<b>34,557</b>

(\*) Other expenses include the Group's forgone receivables amounting to TRY 232,949 (June 30, 2022: None).

(\*\*) Akfen Holding's Hydroelectric Power Plants belonging to Akfen Renewable Energy are the amounts paid and expected to be paid to the previous shareholders of the project companies in accordance with the share transfer agreement.

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### Notes to the Consolidated Financial Statements as at and For the Period ended June 30, 2023

#### 29. FINANCE INCOMES AND EXPENSES

Finance incomes for the periods ended June 30, are as follows:

	<u>January 1- June 30, 2023</u>	<u>January 1- June 30, 2022</u>
Exchange difference income	591,104	680,015
Fair value increases of derivative instruments	256,641	460,812
Interest income	92,163	66,202
	<b>939,908</b>	<b>1,207,029</b>

Finance expenses for the periods ended June 30, are as follows:

	<u>January 1- June 30, 2023</u>	<u>January 1- June 30, 2022</u>
Exchange difference expense	5,185,177	2,348,894
Interest expense	1,303,178	468,961
Fair value decreases of derivative instruments	38,363	-
Other	36,863	7,560
	<b>6,563,581</b>	<b>2,825,415</b>

#### 30. INCOMES AND EXPENSES FROM INVESTMENT ACTIVITIES

##### Incomes from investment activities:

The breakdown of incomes from investment activities for the periods ended June 30, is as follows:

	<u>January 1- June 30, 2023</u>	<u>January 1- June 30, 2022</u>
Public offering profit (*)	733,677	-
Dividend income (**)	202,990	83,058
Securities sales profit	167,747	-
Currency-protected deposit fair value increases	40,375	-
Gains from the disposal of affiliates, joint ventures and financial investments or changes in their shares (Note 3)	11,932	-
Other	-	209
	<b>1,156,721</b>	<b>83,267</b>

(\*) On March 2, 2023, the Capital Markets Board approved the public offering of Group B shares with a nominal value of TRY 340,370,703 owned by the Company in Akfen Renewable Energy. Group B shares with a nominal value of TRY 340,370,703 were offered for sale between March 8, 2023 and March 10, 2023, and Akfen Renewable Energy shares with a total nominal value of TRY 340,370,703 (33.5% of the capital) were offered to the public. As of June 30, 2023, a profit of TRY 733,677 was obtained from this transaction.

(\*\*) Dividend income as of June 30, 2023 and 2022 consists of dividend income from MIP.

##### Expenses from investment activities:

The breakdown of expenses from investment activities for the periods ended June 30, is as follows:

	<u>January 1- June 30, 2023</u>	<u>January 1- June 30, 2022</u>
Loss due to share sale of joint ventures/subsidiaries (*)	29,322	-
Fair value losses of financial assets (Note 22)	-	520,826
Other (**)	74,076	55,000
	<b>103,398</b>	<b>575,826</b>

(\*) 1.27% of Akfen Karaköy's shares, which was made on February 16, 2023, were purchased from Akfen Karaköy's other non-related partners for TRY 28,226. The said shares were sold to Akfen REIT for TRY 16,048 on May 2, 2023 and a total of TRY 12,178 expense was incurred from these transactions. The portion of the balance amounting to TRY 17,144 consists of the loss resulting from the sale of Ayrı Gayrimenkul.

(\*\*) For the period ended on June 30, 2023, TRY 73,445 of other investment expenses consists of the Group's investment expenses related to Acacia (June 30, 2022: TRY 55,000 Group's investment expenses related to Acacia).

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## **Akfen Holding Anonim Şirketi**

### **Notes to the Consolidated Financial Statements as at and For the Period ended June 30, 2023**

#### **31. TAX ASSETS AND LIABILITIES**

##### **a) Current and deferred income tax**

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised directly in equity, in such case, the tax is also recognised in shareholders' equity.

The current income tax charge is calculated in accordance with the tax laws enacted or substantively enacted at the balance sheet date in the countries where the subsidiaries and associates of the Group operate. Under the Turkish Tax Code, companies having head office or place of business in Turkey are subject to corporate tax.

Under the Turkish taxation system, tax losses can be carried forward to be offset against future taxable income for five years. Tax losses cannot retrospectively offset against the profits of previous years.

Furthermore, provisional corporate taxes are paid at 20% (2022: 23%) over profits declared for interim periods in 2023 in order to be deducted from the final corporate tax.

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values in the consolidated financial statements. Currently enacted tax rates are used to determine deferred income tax at the balance sheet date.

For the temporary differences that are expected to be realized/closed in the deferred tax calculation, a tax rate of 20% for 2023 is used.

Deferred tax liabilities are recognized for all taxable temporary differences, where deferred tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized.



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### **Notes to the Consolidated Financial Statements as at and For the Period ended June 30, 2023**

#### **31. TAX ASSETS AND LIABILITIES (cont'd)**

##### **b) Corporate tax**

In Turkey, the corporate tax rate is 20%. However, in accordance with the addition of temporary 10th article to the Corporate Tax Law, 20% corporate tax rate will be applied as 20% to the profits of the entities for 2023 tax periods (2022: 23%). This rate is applicable to the tax base derived upon exemptions and deductions stated in the tax legislation and by addition of disallowable expenses to the commercial revenues of the companies with respect to the tax legislation. Corporate tax is required to be filed by the twenty-fifth day of the fourth month following the balance sheet date and taxes must be paid by the end of the fourth month.

The tax legislation provides for a temporary tax of 20% (23% for taxation periods of 2022) to be calculated based on earnings generated for each quarter in 2023. Temporary tax is declared by the 14th day of the second month following each quarter and corresponding tax is payable by the 17th day of the same month. The amounts thus calculated and paid are offset against the final corporate tax liability for the year. If there is excess temporary tax paid even if it is already offset, this amount may be refunded or offset.

Corporate tax losses can be carried forward for a maximum period of 5 years following the year in which the losses were incurred. The tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

There is a withholding tax liability on dividend distributions, and this withholding liability is declared in the period when the dividend is paid in cash or on account. Dividend payments are subject to a 15% withholding tax until December 22, 2021, except for non-resident companies that generate income through a workplace or their permanent representative in Turkey, and those made to companies residing in Turkey. However, in accordance with the Presidential Decision No. 4936, published in the Official Gazette dated December 22, 2021 and numbered 31697, the dividend withholding tax rate, which was 15% according to the Income Tax Law No. 193 and the Corporate Tax Law No. 5520, was reduced to 10%.

Dividend payments made to resident corporations in Turkey again from resident companies in Turkey are not subject to income tax. In addition, income tax is not calculated if the profit is not distributed or added to capital.

Turkish tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, tax liabilities, as reflected in these consolidated financial statements, have been calculated on a separate-entity basis.

Gains arising from the investments received within the scope of the hospital project related incentive certificates are subject to corporate tax at a discounted rate to be effective as of the fiscal year in which the investment is started to be fully or partially operated until the investment reaches the contribution amount. In this context, the Company recognizes the tax advantage that it expects to benefit in the foreseeable future in companies with investment incentives as deferred tax asset in the financial statements.

##### **c) Transfer pricing arrangements**

In Turkey, transfer pricing arrangements are stated in article 13 of the CTL headed "distribution of concealed gains via transfer pricing". Communiqué of November 18, 2007 on the distribution of concealed gains via transfer pricing regulates practical details.

If a taxpayer trades goods or services with related persons over the fee or price that it sets in breach of the arm's length principle, the gains are considered to be partly or entirely distributed by concealed means via transfer pricing. Such distribution of concealed gains via transfer pricing is considered as non-deductible expenses for corporate tax.

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### Notes to the Consolidated Financial Statements as at and For the Period ended June 30, 2023

#### 31. TAX ASSETS AND LIABILITIES (cont'd)

##### Tax income/(expense)

The details of tax (expense)/income for the years ended December 31, are as follows:

	<u>January 1- June 30, 2023</u>		<u>January 1- June 30, 2022</u>	
Current corporate tax expense	(45,222)		(3,583)	
Deferred tax expense	(1,178,976)		(152,038)	
<b>Total tax expense</b>	<b>(1,224,198)</b>		<b>(155,621)</b>	
	<b>June 30, 2023</b>	<b>%</b>	<b>June 30, 2022</b>	<b>%</b>
Profit before tax	3,412,213		1,654,898	
Local tax rate	%20		%23	
Tax expense calculated over tax rate	(682,443)	(20)	(380,627)	(23)
Non-deductible expenses	(172,760)	(5)	(57,517)	(3)
Tax exemptions and exceptions (*)	748,471	22	27,448	2
The effect of the shares in the profits of the investments accounted in equity method	40,754	1	205,991	12
The effect of the change in the prior period loss subject to deferred tax income	(46,793)	(1)	-	-
Current period losses not subject to deferred tax income	(954,627)	(28)	-	-
Temporary differences not subject to deferred tax income	(130,152)	(4)	-	-
Effect of tax rate differences	-	-	28,810	2
Tax expense due to tax base increase	(17,143)	(1)	-	-
Decreased previous year losses due to tax base increase	(6,503)	0	-	-
Revaluation tax expense	-	-	(2,201)	0
Revaluation deferred tax difference (**)	-	-	22,007	1
Other	(3,002)	0	468	0
<b>Total tax income</b>	<b>(1,224,198)</b>	<b>(36)</b>	<b>(155,621)</b>	<b>(9)</b>

(\*) Discounts and exemptions consist of the Company's emission premium earnings, participation earnings and exceptions, discounts and exemptions arising from cash capital increase.

(\*\*) As of June 30, 2022, the company revalued its buildings within the scope of the legal legislation, and it is the deferred tax effect that occurs after the legal valuation as the related fixed asset is accounted for as "investment property" at the end of the period with fair value in the IFRS financial statements.

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### Notes to the Consolidated Financial Statements as at and For the Period ended June 30, 2023

#### 31. TAX ASSETS AND LIABILITIES (cont'd)

	June 30, 2023	December 31, 2022
Current period tax expense (A)	(45,222)	(6,002)
Tax deductible (B)	6,064	5,724
<b>Current income tax (liabilities)/assets, net (A+B)</b>	<b>(39,158)</b>	<b>(278)</b>

#### Deferred tax assets and liabilities

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, except for the differences of non-tax deductible goodwill, and assets and liabilities that are not accountable and taxable and are recognized for the first time.

As of June 30, 2023 and December 31, 2022, the Group's deferred tax assets are as follows:

	June 30, 2023	December 31, 2022
Investment incentives	2,964,696	2,964,696
Accumulated losses	1,019,942	878,640
Service concession agreements	(2,800,623)	(1,541,187)
Construction and repair costs spread over years	(62,519)	(89,568)
Investment properties and fixed assets	(2,606,829)	(211,910)
Discount on debts	(25,922)	41,852
Financial investments and derivative instruments	(439,839)	(321,650)
Other	195,553	25,120
<b>Deferred tax (liabilities)/assets, net</b>	<b>(1,755,541)</b>	<b>1,745,993</b>

Expiration schedule of carry forward tax losses as of June 30, 2023 and December 31, 2022, is as follows:

	June 30, 2023	December 31, 2022
2023	439,075	120,573
2024	488,214	42,186
2025	663,330	632,911
2026	1,133,285	1,254,063
2027	2,102,067	2,343,465
2028	225,440	-
<b>Total</b>	<b>5,051,411</b>	<b>4,393,198</b>

As of June 30, 2023, the Group has carry forward tax losses amounting to TRY 5,051,411 (December 31, 2022: TRY 4,393,198) that can be deducted from its future profits, and deferred tax asset amounting to TRY 1,019,942 (December 31, 2022: TRY 878,640 TL). As of June 30, 2023, the Group has a financial loss amounting to TRY 7,582,656, on which no deferred tax assets have been created (December 31, 2022: TRY 585,086).

Deferred tax asset movements for the periods ended at June 30, 2023 and 2022 are as follows:

	2023	2022
<b>January 1</b>	<b>1,745,993</b>	<b>782,870</b>
Recognized in the statement of profit or loss	(1,178,976)	(152,038)
Changes within the scope of consolidation	(2,260,331)	-
Recognized in the statement of other comprehensive income	(62,227)	(60,852)
<b>June 30</b>	<b>(1,755,541)</b>	<b>569,980</b>

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## Akfen Holding Anonim Şirketi

### Notes to the Consolidated Financial Statements as at and For the Period ended June 30, 2023

#### 32. RELATED PARTY DISCLOSURES

##### a) Trade receivables from related parties / Trade payables to related parties

As of June 30, 2023 and December 31, 2022, the Group's short-term trade receivables from related parties are as follows:

	June 30, 2023	December 31, 2022
Akfen REIT	20,941	1,522
Akfen İnşaat Turizm ve Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. Adi Ortaklığı ("Adi Ortaklık")	8,904	8,968
Akfen Renewable	-	11,561
Farklı Yatırım İnşaat A.Ş.	-	1,743
Other	2,632	3,019
	<b>32,477</b>	<b>26,813</b>

As of June 30, 2023 and December 31, 2022, the Group's short-term trade payables to related parties are as follows:

	June 30, 2023	December 31, 2022
MIP	635	1,540
Akfen REIT	534	5,463
Akfen Water	-	4,364
Other	903	-
	<b>2,072</b>	<b>11,367</b>

As of June 30, 2023 and December 31, 2022, the Group's long-term trade payables to related parties are as follows:

	June 30, 2023	December 31, 2022
Other	-	191
	<b>-</b>	<b>191</b>

##### b) Other receivables from related parties / Other payables to related parties

As of June 30, 2023 and December 31, 2022, the Group's long-term other receivables from related parties are as follows:

	June 30, 2023	December 31, 2022
Company Founding Partner	40,129	-
Company Main Partners	29,897	-
İzbir Mine (*)	-	307,071
Acacia Mine (**)	-	131,200
Other	8,542	1,926
	<b>78,568</b>	<b>440,197</b>

(\*) It consists of the receivables of Acacia Mine related to the capital increase. Financial income is obtained for the related receivables over the interest rates according to the market conditions.

(\*\*) It consists of the amounts given by the Company in order to finance the working capital and ongoing investments of the companies within the group and the Company calculates financial income for the related receivables at the same interest rates as the market conditions.

As of June 30, 2023 and December 31, 2022, the Group's short-term other payables to related parties are as follows:

	June 30, 2023	December 31, 2022
Company Main Partners	-	36,570
İlbak Mining	-	-
Other	-	22
	<b>-</b>	<b>36,592</b>

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## Akfen Holding Anonim Şirketi

### Notes to the Consolidated Financial Statements as at and For the Period ended June 30, 2023

#### 32. RELATED PARTY DISCLOSURES (cont'd)

As of June 30, 2023 and December 31, 2022, the Group's long-term other payables to related parties are as follows:

	<b>June 30, 2023</b>	<b>December 31, 2022</b>
Akfen International BV (*)	505,670	500,824
Acacia Mine (**)	98,738	-
Firatcan Tourism (***)	88,210	202,130
Company Founding Partner	4,283	263,567
MIP Other Partners (****)	-	572,353
MIP (*****)	-	214,818
Other	3,005	4,582
	<b>699,906</b>	<b>1,758,274</b>

(\*) It belongs to the founding partner of the Company and the related balances consist of debts whose interest rates are operated under market conditions.

(\*\*) It belongs to the joint venture of the Company and the related balances consist of debts whose interest rates are operated under market conditions.

(\*\*\*) It is a debt taken from Akfen REIT's affiliate, and interest is charged on the aforementioned debt under market conditions.

(\*\*\*\*) As of December 31, 2022, it is the portion of the debt received from MIP that will be paid to other MIP partners when due. Since the aforementioned debt amount has a certain maturity, it has been recognised by discounting.

(\*\*\*\*\*) As of December 31, 2022, the Company is the financial investment of the shareholder and is accounted at discounted amount since the aforesaid payable has a certain maturity.

As of June 30, 2023 and December 31, 2022, the Group's short-term deferred revenue from related parties are as follows:

	<b>June 30, 2023</b>	<b>December 31, 2022</b>
Akfen REIT (*)	-	17,313
	-	<b>17,313</b>

(\*) It consists of the construction advances received for the project that Akfen REIT plans to develop on the Yalıkavak land.

The main transactions with related parties for the periods ended June 30, are as follows:

		<b>January 1- June 30, 2023</b>	<b>January 1- June 30, 2022</b>
MIP	Dividend income	201,635	83,058
Travelex	Dividend income	1,355	-
Acacia	Interest income	10,520	11,064
Akfen Renewable Energy	Interest income	-	25,047
İzbir Mine	Interest income	-	5,803
Other	Other income	14	377
Other	Interest income	-	2,403
Other	Other income	3,269	448
MIP	Other (*)	398,654	-
Akfen Water	Other expense	-	(10,076)
Company main partner	Rent expense	(1,692)	(1,036)
Other	Interest expense	(38)	(12)
Other	Other expense	(2,932)	-
Akfen REIT	Construction income - Yalıkavak	65,657	-
Akfen REIT	Rent income	1,138	-

(\*) It is the income generated from the waiver of debts to MIP.

#### Benefits to senior executives

Total short-term benefits provided to senior managers for Akfen Holding and subsidiaries for the period ended on June 30, 2023 is TRY 41,333 (June 30, 2022: TRY 20,093).

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## **Akfen Holding Anonim Şirketi**

### **Notes to the Consolidated Financial Statements as at and For the Period ended June 30, 2023**

#### **33. EARNINGS PER SHARE**

The Group's earnings per share for the periods ended June 30, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Net profit for the period belonging to the shareholders of the parent company	2,102,681	1,504,711
Number of shares at the end of the period	910,000,000	700,000,000
Number of shares available during the period	910,000,000	700,000,000
<b>Earnings per share (full TRY)</b>	<b>2.31</b>	<b>2.15</b>

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## Akfen Holding Anonim Şirketi

### Notes to the Consolidated Financial Statements as at and For the Period ended June 30, 2023

#### 34. NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS

##### i. Credit risk

The credit risks exposed by types of financial instruments are as follows (TRY):

	Receivable						Financial assets related to concession agreements	Bank Deposits (*)
	Trade receivables		Other receivables					
	Related Party	Third Party	Related Party	Contract assets arising from ongoing construction and contracts	Third Party			
<b>June 30, 2023</b>								
<b>Maximum credit risk exposure as of the reporting date (A+B+C+D+E)</b>	<b>32,477</b>	<b>922,628</b>	<b>78,601</b>	<b>-</b>	<b>148,152</b>	<b>21,740,714</b>	<b>10,792,843</b>	
- Portion of the maximum risk that is guaranteed with a collateral, etc.	-	-	-	-	-	-	-	
<b>A. Net book value of financial assets that are not overdue or not impaired</b>	<b>32,477</b>	<b>922,628</b>	<b>78,601</b>	<b>-</b>	<b>148,152</b>	<b>21,740,714</b>	<b>10,792,848</b>	
<b>B. Book value of financial assets, the terms of which are re-negotiated, and which will otherwise be considered to be overdue or impaired</b>	-	-	-	-	-	-	-	
<b>C. Net book value of assets that are overdue but not impaired</b>	-	-	-	-	-	-	-	
- Net book value of assets that are overdue but not impaired	-	-	-	-	-	-	-	
<b>D. Net book value of impaired assets</b>	-	-	-	-	-	-	(5)	
- Net book value of impaired assets	-	48,275	-	-	-	-	-	
- Impairment (-)	-	(48,275)	-	-	-	-	-	
- Not overdue (gross book value)	-	9,012	-	-	-	-	-	
- Impairment (-)	-	(9,012)	-	-	-	-	(5)	
<b>E. Elements including off-balance-sheet financing</b>	-	317,346	-	-	-	-	-	
	Receivables							
	Trade Receivables	Other Receivables						
<b>June 30, 2023</b>								
0-3 months overdue	-	-						
3-12 months overdue	-	-						
1-5 years overdue	48,275	-						
1-5 years overdue	-	-						
Total receivables overdue	-	-						
Total provisions reserved	-	-						
Portion guaranteed with a collateral, etc.	-	-						

(\*) As of June 30, 2023, investment funds in other cash and cash equivalents of Akfen Holding amounting to TRY 1,599,817 and other short-term and long-term investment funds and deposits amounting to TRY 3,030,541 are included in the bank deposits.

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## Akfen Holding Anonim Şirketi

### Notes to the Consolidated Financial Statements as at and For the Period ended June 30, 2023

#### 34. NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS (cont'd)

##### i. Credit risk (cont'd)

	Receivable					Financial assets related to concession agreements	Bank Deposits (*)
	Trade receivables		Other receivables				
	Related Party	Third Party	Related Party	Contract assets arising from ongoing construction and contracts	Third Party		
<b>December 31, 2022</b>							
<b>Maximum credit risk exposure as of the reporting date (A+B+C+D+E)</b>	<b>26,813</b>	<b>502,672</b>	<b>440,224</b>	<b>-</b>	<b>75,899</b>	<b>15,603,931</b>	<b>5,689,550</b>
- Portion of the maximum risk that is guaranteed with a collateral, etc.	-	-	-	-	-	-	-
<b>A. Net book value of financial assets that are not overdue or not impaired</b>	26,813	502,672	440,224	-	75,899	15,603,931	5,689,625
<b>B. Book value of financial assets, the terms of which are re-negotiated, and which will otherwise be considered to be overdue or impaired</b>	-	-	-	-	-	-	-
<b>C. Net book value of assets that are overdue but not impaired</b>	-	-	-	-	-	-	-
- Net book value of assets that are overdue but not impaired	-	-	-	-	-	-	-
<b>D. Net book value of impaired assets</b>	-	-	-	-	-	-	(75)
- Net book value of impaired assets	-	26,279	-	-	-	-	-
- Impairment (-)	-	(26,279)	-	-	-	-	-
- Not overdue (gross book value)	-	7,145	-	-	-	-	-
- Impairment (-)	-	(7,145)	-	-	-	-	(75)
<b>E. Elements including off-balance-sheet financing</b>	-	295,157	-	-	-	-	-
	<b>Receivables</b>						
<b>December 31, 2021</b>	<b>Trade Receivables</b>	<b>Other Receivables</b>					
0-3 months overdue	-	-					
3-12 months overdue	-	-					
1-5 years overdue	26,279	-					
1-5 years overdue	-	-					
Total receivables overdue	-	-					
Total provisions reserved	-	-					
Portion guaranteed with a collateral, etc.	-	-					

(\*) As of December 31, 2022, investment funds in other cash and cash equivalents of Akfen Holding amounting to TRY 870,069 and other short-term and long-term investment funds and deposits amounting to TRY 2,473,138 are included in the bank deposits.



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## Akfen Holding Anonim Şirketi

### Notes to the Consolidated Financial Statements as at and For the Period ended

June 30, 2023

#### 34. NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS (cont'd)

##### ii. Liquidity risk

Possession of financial instruments also involves the risk that the counterparty will fail to comply with the terms of the agreement. The Group management meets these risks by limiting the average risk for the counterparty (excluding related parties) in each agreement and by obtaining collaterals if necessary.

June 30, 2023

Maturities under contract	Carrying amount	Total contractual cash outflows (I+II+III+IV+V)	Less than 3 months (I)	3 - 12 Months (II)	1 - 5 years (III)	More than 5 years (IV)
<b>Non-derivative financial liabilities</b>						
Borrowings	34,747,065	(45,213,751)	(1,391,861)	(5,381,818)	(25,057,929)	(13,382,143)
Trade payables to third parties	1,846,536	(1,846,536)	(1,846,536)	-	-	-
Due to related parties	701,978	(701,978)	(2,072)	-	(699,906)	-
Other payables <sup>(*)</sup>	340,427	(340,423)	(178,395)	(83,607)	(78,421)	-
<b>Total</b>	<b>37,636,006</b>	<b>(48,102,688)</b>	<b>(3,418,864)</b>	<b>(5,465,425)</b>	<b>(25,836,256)</b>	<b>(13,382,143)</b>

December 31, 2022

Maturities under contract	Carrying amount	Total contractual cash outflows (I+II+III+IV+V)	Less than 3 months (I)	3 - 12 Months (II)	1 - 5 years (III)	More than 5 years (IV)
<b>Non-derivative financial liabilities</b>						
Borrowings	17,034,412	(22,201,138)	(601,968)	(1,984,329)	(11,867,186)	(7,747,655)
Trade payables to third parties	247,748	(247,748)	(247,748)	-	-	-
Due to related parties	1,806,233	(2,086,279)	(11,367)	(36,592)	(1,476,779)	(561,541)
Other payables <sup>(*)</sup>	161,540	(161,540)	(41,518)	(59,517)	(60,505)	-
<b>Total</b>	<b>19,249,933</b>	<b>(24,696,705)</b>	<b>(902,601)</b>	<b>(2,080,438)</b>	<b>(13,404,470)</b>	<b>(8,309,196)</b>

(\*) Non-financial liabilities such as deposits and advances received are not included in other liabilities.

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## Akfen Holding Anonim Şirketi

### Notes to the Consolidated Financial Statements as at and For the Period ended June 30, 2023

#### 34. NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS (cont'd)

##### iii. Interest risk

Interest rate risk arises from the possibility that changes in interest rates will affect the financial statements. The interest rate details of the Group's interest-bearing financial instruments at the reporting date are as follows:

	June 30, 2023	December 31, 2022
<b>Fixed-Interest financial instruments</b>	<b>(6.252.671)</b>	<b>(2.366.685)</b>
Financial assets	5.839.134	2.258.097
Financial liabilities	(12.091.805)	(4.624.782)
<b>Floating-Interest financial instruments</b>	<b>(18.024.902)</b>	<b>(9.066.419)</b>
Financial assets	4.630.358	3.343.211
Financial liabilities	(22.655.260)	(12.409.630)

As of June 30, 2023 and December 31, 2022, if interest rates increase by 1 basis point, the consolidated comprehensive income statement would be affected as follows. While performing the analysis, it is assumed that all other variables, chiefly the foreign exchange rates, remained fixed.

Interest Position Statement		31 Aralık 2022	31 Aralık 2022
<b>Fixed-Interest financial instruments</b>		<b>(62.527)</b>	<b>(23.667)</b>
Financial assets	Assets at fair value through profit or loss	58.391	22.581
Financial liabilities		(120.918)	(46.248)
<b>Floating-Interest Financial Instruments</b>		<b>(180.249)</b>	<b>(90.664)</b>
Financial assets		46.304	33.432
Financial liabilities		(226.553)	(124.096)

Interest rate risk refers to the risk that the fair value of a financial instrument or future cash flows may fluctuate due to changes in market interest rates. Payables to related parties and interest rates on financial assets are fixed. The Group risk arising from changes in market interest rates mainly arises from floating rate loans. According to the loan agreements, 60% of the bank loans of Eskişehir City Hospital, 70% of Tekirdağ City Hospital and 100% of Isparta City Hospital are protected against fluctuations in interest rates throughout the term of the loan.

##### iv. Foreign currency risk

The balances of the Group's foreign currency transactions arising from operating and financial activities as of reporting date are explained below. With respect to foreign currency denominated payables or creditors; In case of changes in the exchange rates of these currencies against Turkish Lira, they may be exposed to exchange rate risk. The aforesaid exchange rate risk is limited by the continuous analysis and monitoring of the foreign exchange position.

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## Akfen Holding Anonim Şirketi

### Notes to the Consolidated Financial Statements as at and For the Period ended June 30, 2023

#### 34. NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS (cont'd)

As of June 30, 2023, assets and liabilities denominated in foreign currencies are as follows:

	June 30, 2023			
	TRY Equivalent	US Dollar	Euro	Other(*)
1. Trade receivables	5,648	53	152	-
2a. Monetary Financial Assets (including safe and bank accounts)	8,306,022	307,142	13,148	137
2b. Non-Monetary Financial Assets	-	-	-	-
3. Other	2,612,524	29,646	65,599	3
<b>4. Current Assets (1+2+3)</b>	<b>10,924,194</b>	<b>336,841</b>	<b>78,899</b>	<b>140</b>
5. Trade Receivables	558	2	18	-
6a. Monetary Financial Assets	2,784,537	86,425	19,634	-
6b. Non-Monetary Financial Assets	6,809,887	263,713	-	-
7. Other	19,347,850	226,631	479,347	-
<b>8. Non-Current Assets (5+6+7)</b>	<b>28,942,832</b>	<b>576,771</b>	<b>498,999</b>	<b>-</b>
<b>9. Total Assets (4+8)</b>	<b>39,867,026</b>	<b>913,612</b>	<b>577,898</b>	<b>140</b>
10. Trade Payables	887,395	32,379	1,755	8
11. Financial Liabilities	6,145,875	138,068	91,265	-
12a. Other Monetary Liabilities	115,934	3,002	1,357	-
12b. Other Non-Monetary Liabilities	-	-	-	-
<b>13. Current Liabilities (10+11+12)</b>	<b>7,149,204</b>	<b>173,449</b>	<b>94,377</b>	<b>8</b>
14. Trade Payables	307,072	11,870	-	-
15. Financial Liabilities	28,136,877	656,001	395,904	-
16a. Other Monetary Liabilities	692,550	26,749	20	-
16b. Other Non-Monetary Liabilities	-	-	-	-
<b>17. Non-Current Liabilities (14+15+16)</b>	<b>29,136,499</b>	<b>694,620</b>	<b>395,924</b>	<b>-</b>
<b>18. Total Liabilities (13+17)</b>	<b>36,285,703</b>	<b>868,069</b>	<b>490,301</b>	<b>8</b>
<b>19. Net Asset/(Liability) Position of Foreign Currency-Denominated Derivatives Excluded from Financial Position Statement (9-18)</b>	<b>3,581,323</b>	<b>45,543</b>	<b>87,597</b>	<b>132</b>
19a. Total amount of assets hedged	-	-	-	-
19b. Total amount of liabilities hedged	9,327,957	360,576	-	-
<b>20. Net Foreign Currency Asset/(Liability) Position (9-18+19b)</b>	<b>12,909,280</b>	<b>406,119</b>	<b>87,597</b>	<b>132</b>
<b>20. Monetary Items Net Foreign Currency Asset / (Liability) Position (1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>(3,228,564)</b>	<b>(218,170)</b>	<b>87,597</b>	<b>132</b>
21. Export	-	-	-	-
22. Import	-	-	-	-

(\*)Assets and liabilities denominated in other currencies are stated in TRY.

As of June 30, 2023, the Company's currency risk analysis is as follows (TRY):

Exchange Rate Sensitivity Analysis Statement				
June 30, 2023				
	Profit/Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
In the event that USD appreciates/depreciates by 20% against TRY				
1- US Dollar net asset/liability	2,092,731	(2,092,731)	2,092,731	(2,092,731)
2- Portion hedged for USD (-)	-	-	-	-
<b>3- USD Net Impact (1+2)</b>	<b>2,092,731</b>	<b>(2,092,731)</b>	<b>2,092,731</b>	<b>(2,092,731)</b>
In the event that EUR appreciates/depreciates by 20% against TRY				
4- Net asset/liability in Euro	488,260	(488,260)	488,260	(488,260)
5- Portion hedged for EUR (-)	-	-	-	-
<b>6- Euro Net Impact (4+5)</b>	<b>488,260</b>	<b>(488,260)</b>	<b>488,260</b>	<b>(488,260)</b>
In the event that other foreign currencies appreciate/depreciate by 20% against TRY				
7- Other foreign currency net asset/liability	866	(866)	866	(866)
8- Portion hedged for other foreign currency (-)	-	-	-	-
<b>9- Other Foreign Currency Assets Net Impact (7+8)</b>	<b>866</b>	<b>(866)</b>	<b>866</b>	<b>(866)</b>
<b>TOTAL (3+6+9)</b>	<b>2,581,857</b>	<b>(2,581,857)</b>	<b>2,581,857</b>	<b>(2,581,857)</b>

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#### 34. NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS (cont'd)

As of December 31, 2022, assets and liabilities denominated in foreign currencies are as follows:

	December 31, 2022			
	TRY Equivalent	US Dollar	Euro	Other(*)
1. Trade receivables	4,659	53	184	-
2a. Monetary Financial Assets (including safe and bank accounts)	3,329,737	162,920	13,990	201
2b. Non-Monetary Financial Assets	-	-	-	-
3. Other	1,819,993	28,940	64,152	-
<b>4. Current Assets (1+2+3)</b>	<b>5,154,389</b>	<b>191,913</b>	<b>78,326</b>	<b>201</b>
5. Trade Receivables	37	2	-	-
6a. Monetary Financial Assets	2,301,012	100,459	21,199	-
6b. Non-Monetary Financial Assets	5,569,794	297,877	-	-
7. Other	14,227,263	244,597	484,262	-
<b>8. Non-Current Assets (5+6+7)</b>	<b>22,098,106</b>	<b>642,935</b>	<b>505,461</b>	-
<b>9. Total Assets (4+8)</b>	<b>27,252,495</b>	<b>834,848</b>	<b>583,787</b>	<b>201</b>
10. Trade Payables	61,995	689	2,458	-
11. Financial Liabilities	1,877,318	22,159	73,219	-
12a. Other Monetary Liabilities	378,236	17,839	2,207	-
12b. Other Non-Monetary Liabilities	-	-	-	-
<b>13. Current Liabilities (10+11+12)</b>	<b>2,317,549</b>	<b>40,687</b>	<b>77,884</b>	-
14. Trade Payables	-	-	-	-
15. Financial Liabilities	14,554,739	311,169	436,934	-
16a. Other Monetary Liabilities	1,269,093	67,750	-	-
16b. Other Non-Monetary Liabilities	-	-	-	-
<b>17. Non-Current Liabilities (14+15+16)</b>	<b>15,823,832</b>	<b>378,919</b>	<b>436,934</b>	-
<b>18. Total Liabilities (13+17)</b>	<b>18,141,381</b>	<b>419,606</b>	<b>514,818</b>	-
<b>19. Net Foreign Currency Asset/(Liability) Position (9-18)</b>	<b>9,111,114</b>	<b>415,242</b>	<b>68,969</b>	<b>201</b>
<b>20. Monetary Items Net Foreign Currency Asset / (Liability) Position (1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>3,541,320</b>	<b>117,365</b>	<b>68,969</b>	<b>201</b>
21. Export	-	-	-	-
22. Import	-	-	-	-

(\*) Assets and liabilities denominated in other currencies are stated in TRY.

As of December 31, 2022, the Company's currency risk analysis is as follows (TRY):

Exchange Rate Sensitivity Analysis Statement				
December 31, 2022				
	Profit/Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
In the event that USD appreciates/depreciates by 20% against TRY				
1- US Dollar net asset/liability	1,552,864	(1,552,864)	1,552,864	(1,552,864)
2- Portion hedged for USD (-)	-	-	-	-
<b>3- USD Net Impact (1+2)</b>	<b>1,552,864</b>	<b>(1,552,864)</b>	<b>1,552,864</b>	<b>(1,552,864)</b>
In the event that EUR appreciates/depreciates by 20% against TRY				
4- Net asset/liability in Euro	274,978	(274,978)	274,978	(274,978)
5- Portion hedged for EUR (-)	-	-	-	-
<b>6- Euro Net Impact (4+5)</b>	<b>274,978</b>	<b>(274,978)</b>	<b>274,978</b>	<b>(274,978)</b>
In the event that other foreign currencies appreciate/depreciate by 20% against TRY				
7- Other foreign currency net asset/liability	909	(909)	909	(909)
8- Portion hedged for other foreign currency (-)	-	-	-	-
<b>9- Other Foreign Currency Assets Net Impact (7+8)</b>	<b>909</b>	<b>(909)</b>	<b>909</b>	<b>(909)</b>
<b>TOTAL (3+6+9)</b>	<b>1,828,751</b>	<b>(1,828,751)</b>	<b>1,828,751</b>	<b>(1,828,751)</b>

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### Notes to the Consolidated Financial Statements as at and For the Period ended June 30, 2023

#### 34. NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS (cont'd)

##### v. Capital Risk Management

The Group's objectives in capital management are;

- To be able to provide returns to partners and benefit to other shareholders by ensuring the continuity of their activities
- To increase profitability by pricing services in accordance with the risk level.

The Group determines the amount of capital in proportion to the risk level. The Company regulates the structure of shareholders' equity according to economic conditions and risk characteristics of assets.

The Group monitors capital management by using the debt / equity ratio. This ratio is calculated by dividing net debt by total capital. Net debt is calculated as total borrowings (total of short-term and long-term liabilities stated in the consolidated statement of financial position) less cash and cash equivalents. Total capital is the sum of the equity stated in the consolidated financial statements.

As of June 30, 2023 and December 31, 2022, the ratio of total capital to net liabilities is as follows:

	June 30, 2023	December 31, 2022
Total financial liability	34,747,065	17,034,412
Less: cash and cash equivalents (*)	(10,796,774)	(5,692,135)
Net debt	23,950,291	11,342,277
<b>Equity</b>	<b>24,333,383</b>	<b>19,954,242</b>
<b>Net financial debt / equity ratio</b>	<b>0.98</b>	<b>0.57</b>

(\*) Cash and bank deposits as of June 30, 2023; short-term and long-term financial investments of the Group amounting to TRY 3,030,541, excluding cash and cash equivalents, in the form of deposits and investment funds (December 31, 2022: TRY 2,473,138).

#### Fair value disclosures

Fair value is defined as the price to be obtained from the sale of an asset or to be paid in the transfer of a debt in the usual transaction between market participants on the measurement date.

#### Financial instruments

The Group has determined the estimated fair values of financial instruments using current market information and appropriate valuation methods. However, evaluating market information and estimating fair values requires interpretation and judgement. As a result, the estimations presented here cannot be an indication of the amounts that the Group can obtain in a current market transaction.

The following methods and assumptions are used to estimate the fair values of financial instruments that are practically possible to estimate fair values:

#### Financial assets

Since they are short term cash assets, the registered values of cash and cash equivalents are assumed to be close to their fair values.

As their commercial receivables are short term, their recorded values are expected to reflect the fair value.

Since service concession agreements are a guaranteed income in the contract with the Ministry of Health, it accounts for the amount calculated based on the construction model, based on the service concession agreement, as a financial asset.

It is foreseen that the fair values of the foreign currency balances, which are converted at the end of the period, are close to their registered values.

#### Financial liabilities

Due to the fact that commercial debts and other monetary liabilities are short-term, their fair value is thought to approach the value they carry.

Bank loans are expressed in amortized cost values and transaction costs are added to the initial cost of the loans. Since the Group's floating rate bank loans have been repriced recently, their fair values are considered to represent the value they bear.

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### Notes to the Consolidated Financial Statements as at and For the Period ended June 30, 2023

#### 34. NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS (cont'd)

##### Financial Instrument classifications and fair values

<b>June 30, 2023</b>	<b>Amortized cost</b>	<b>Fair value difference reflected to profit / loss</b>	<b>Fair value difference reflected in other comprehensive income and expense</b>	<b>Book value</b>	<b>Fair value</b>	<b>Note</b>
<b>Financial assets</b>						
Cash and cash equivalents	7,576,206	-	-	7,576,206	7,576,206	5
Trade receivables from third parties	605,282	-	-	605,282	605,282	7
Trade receivables from related parties	32,477	-	-	32,477	32,477	7-32
Other receivables from third parties	148,152	-	-	148,152	148,152	8
Other receivables from related parties	78,601	-	-	78,601	78,601	8-32
Financial assets related to concession agreements	-	21,740,714	-	21,740,714	21,740,714	10
Financial investments whose fair value difference is reflected in profit / loss	-	3,220,568	-	3,220,568	3,220,568	22
Financial investments whose fair value difference is reflected in other comprehensive income	-	-	6,927,915	6,927,915	6,927,915	22
Derivative instruments	-	845,029	-	845,029	845,029	12
<b>Financial liabilities</b>						
Financial borrowings	34,747,065	-	-	34,747,065	34,747,065	6
Trade payables to third parties	1,539,473	-	-	1,539,473	1,539,473	7
Trade payables to related parties	2,072	-	-	2,072	2,072	7-32
Other payables to third parties	129,723	-	-	129,723	129,723	8
Other payables to related parties	699,906	-	-	699,906	699,906	8-32
<b>December 31, 2022</b>						
<b>Financial assets</b>						
Cash and cash equivalents	3,190,698	-	-	3,190,698	3,190,698	5
Trade receivables from third parties	207,515	-	-	207,515	207,515	7
Trade receivables from related parties	26,813	-	-	26,813	26,813	7-32
Other receivables from third parties	75,899	-	-	75,899	75,899	8
Other receivables from related parties	440,224	-	-	440,224	440,224	8-32
Financial assets related to concession agreements	-	15,603,931	-	15,603,931	15,603,931	10
Financial investments whose fair value difference is reflected in profit / loss	-	2,501,437	-	2,501,437	2,501,437	22
Financial investments whose fair value difference is reflected in other comprehensive income	-	-	5,683,981	5,683,981	5,683,981	22
Derivative instruments	-	522,564	-	522,564	522,564	12
<b>Financial liabilities</b>						
Financial borrowings	17,034,412	-	-	17,034,412	17,034,412	6
Trade payables to third parties	247,748	-	-	247,748	247,748	7
Trade payables to related parties	11,367	-	-	11,367	11,367	7-32
Other payables to third parties	46,102	-	-	46,102	46,102	8
Other payables to related parties	1,794,866	-	-	1,794,866	1,794,866	8-32

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## Akfen Holding Anonim Şirketi

### Notes to the Consolidated Financial Statements as at and For the Period ended June 30, 2023

#### 34. NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS (cont'd)

As of June 30, 2023 and December 31, 2022, the fair value classifications of financial assets and financial liabilities measured at fair value are as follows:

June 30, 2023	Fair Value Level		
	Level 1 TRY	Level 2 TRY	Level 3 TRY
<b>Short term financial investments</b>			
Financial assets at fair value through profit or loss (Note 22)	1,117,740	-	-
<b>Long term financial investments</b>			
Financial assets at fair value through profit or loss (Note 22)	2,102,828	-	-
Other financial investments (Note 22)	-	-	6,927,915
Interest rate swap transactions (Note 12)	-	845,029	-
Receivables from service concession agreements/Financial assets related to concession agreements (Note 10)	-	-	21,740,714
<b>December 31, 2022</b>			
	Level 1 TRY	Level 2 TRY	Level 3 TRY
<b>Short term financial investments</b>			
Financial assets at fair value through profit or loss (Note 22)	722,989	-	-
<b>Long term financial investments</b>			
Financial assets at fair value through profit or loss (Note 22)	1,778,448	-	-
Other financial investments (Note 22)	-	-	5,683,981
Interest rate swap transactions (Note 12)	-	522,564	-
Receivables from service concession agreements/Financial assets related to concession agreements (Note 10)	-	-	15,603,931

The fair value of assets and liabilities is determined as follows:

- Level 1: Valued at the quoted market prices for active assets and liabilities.
- Level 2: Appraised from inputs used to find the directly or indirectly observable price in the market other than the market price stated in the first level of the related asset or liability.
- Level 3: Valued at inputs that are not based on observable market data used to determine the fair value of the asset or liability.

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## Akfen Holding Anonim Şirketi

### Notes to the Consolidated Financial Statements as at and For the Period ended June 30, 2023

#### 34. NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS (cont'd)

##### Discounted Cash Flows

Under the discounted cash flows method, the fair value of an asset is estimated using the net assumptions about the ownership benefits and liabilities over the life of the asset, including the output and the final value. This estimation includes estimating a series of cash flows and a corresponding, market-based discount rate is applied to generate the present value of the revenue stream.

The duration of cash flow and specific timing of the inflows and outflows are determined by the review of rents, renewal of lease agreements and related lease periods, leasing, redevelopment and renewal.

Cost incurred during the development of the asset and construction costs, development costs and expected sales revenue are estimated to reach a set of cash flows that are reduced through additional development and marketing expenses throughout the lease. Certain development risks, such as planning, permits and development permits must be assessed separately.

##### Level 3 sensitivity analysis of significant changes in unobservable inputs used in fair value calculations

Group management has made assumptions for inflation rates and foreign exchange rates during the contract period to calculate the fair value of financial assets related to concession agreements.

As of June 30, 2023 and December 31, 2022, the sensitivity analysis of the important assumptions used in the fair value calculation of the financial asset regarding the concession agreements are as follows:

<b>June 30, 2023</b>		<b>Discount rate change (*)</b>	
Sensitivity level		%1 decrease	%1 increase
Fair value change		1,438,076	(1,294,452)

  

<b>December 31, 2022</b>		<b>Discount rate change (*)</b>	
Sensitivity level		%1 decrease	%1 increase
Fair value change		1,050,921	(944,579)

In addition, the sensitivity analysis of the important assumptions used in the fair value calculation of the building, which is under investment properties (whole of Hacettepe Dormitory and for the asset valued as TRY, 23% discount rate is used in the valuation report (December 31, 2022: 23%)) as of June 30, 2023 and December 31, 2022, is as follows:

<b>June 30, 2023</b>		<b>Inflation expectation (*)</b>		<b>Discount rate change (*)</b>	
Sensitivity level		%0.5 decrease	%0.5 increase	%1 decrease	%1 increase
Fair value change		(7,714)	7,959	25,843	(22,376)

  

<b>December 31, 2022</b>		<b>Inflation expectation (*)</b>		<b>Discount rate change (*)</b>	
Sensitivity level		%0.5 decrease	%0.5 increase	%1 decrease	%1 increase
Fair value change		(6,862)	7,079	24,175	(20,903)



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## Akfen Holding Anonim Şirketi

### Notes to the Consolidated Financial Statements as at and For the Period ended June 30, 2023

#### 34. NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS (cont'd)

##### Market multiplier

The fair value of MIP, which is recognized as a financial investment in the financial statements of the Group, has been evaluated within the scope of TFRS 9 standard as of June 30, 2023 and December 31, 2022, and the change in the value of the financial investment has been recognized in the other comprehensive income or expense statement in the consolidated financial statements of the Group. The fair value of MIP, which is recognized as a financial investment in the consolidated financial statements of the Group, has been calculated using the the market approach method as of June 30, 2023 and December 31, 2022. While applying the market approach method, the Interest Amortization and Pre-Tax Profit (EBITDA) multiplier technique was used. The market approach used in fair value measurement ideally reflects fair value in current conditions.

Sensitivity analysis of the financial investment in question for unobservable inputs used in the measurement of fair values is as follows:

		if increases	if decreases
June 30, 2023	Sensitivity analysis	Profit/(Loss) effect of fair value (TRY)	Profit/(Loss) effect of fair value (TRY)
<b>Long term financial investments</b>			
<b>EBITDA multiplier</b>	0.50 basis point	283,631	(283,631)
		if increases	if decreases
December 31, 2022	Sensitivity analysis	Profit/(Loss) effect of fair value (TRY)	Profit/(Loss) effect of fair value (TRY)
<b>Long term financial investments</b>			
<b>EBITDA multiplier</b>	0.50 basis point	197,441	(197,441)

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## Akfen Holding Anonim Şirketi

### Notes to the Consolidated Financial Statements as at and For the Period ended June 30, 2023

#### 35. EXPLANATIONS ON SHARES IN OTHER BUSINESSES

As of June 30, 2023 and December 31, 2022, information on the Group's major subsidiaries in which non-controlling interests are as follows:

	June 30, 2023						
	Hacettepe Teknokent <sup>(*)</sup>	Akfen Merter	Isparta City Hospital	Solentegre Energy	Me-Se Energy	Akfen Renewable Energy	Total
Total assets	410,407	72,851	7,381,877	235,630	263,469	17,532,064	<b>25,896,298</b>
Total liabilities	534,313	23,949	4,507,960	195,006	230,106	12,340,044	<b>17,831,378</b>
Equity	(123,906)	48,903	2,873,918	41,131	33,714	5,192,020	<b>8,065,780</b>
(Loss)/Profit for the period	(74,262)	(548)	341,258	(27,988)	11,755	423,221	<b>673,436</b>
Non-controlling interest ratio	0.0024	0.0848	0.0012	0.1000	0.2000	33.50%	
Change in scope of consolidation (Note 3)	-	-	-	-	-	678,652	678,652
Equity – Non-controlling interest	(297)	4,145	3,531	4,113	6,743	1,966,675	<b>1,984,910</b>
(Loss)/profit for the period – Non-controlling interest	<b>(178)</b>	<b>(46)</b>	<b>419</b>	<b>(2,799)</b>	<b>2,351</b>	<b>84,718</b>	<b>84,465</b>
	December 31, 2022						
	Hacettepe Teknokent <sup>(*)</sup>	Akfen Merter	Isparta City Hospital	Solentegre Energy	Me-Se Energy	Akfen Renewable Energy	Total
Total assets	368,198	72,953	4,365,008	-	-	-	<b>4,806,159</b>
Total liabilities	417,842	23,503	2,864,124	-	-	-	<b>3,305,469</b>
Equity	(49,644)	49,451	1,500,885	-	-	-	<b>1,500,692</b>
(Loss)/Profit for the period	(37,784)	(1,115)	1,123,928	-	-	-	<b>1,085,029</b>
Non-controlling interest ratio	0.0024	0.0848	0.0012	-	-	-	
Equity – Non-controlling interest	(1)	4,193	1,797	-	-	-	<b>5,989</b>
(Loss)/profit for the period – Non-controlling interest	<b>(3,175)</b>	<b>(95)</b>	<b>1,382</b>	-	-	-	<b>(1,888)</b>

<sup>(\*)</sup> Information about the companies that do not have a controlling interest in Akfen Holding and Akfen Construction.

#### 36. SUBSEQUENT EVENTS

Article 32 of the Corporate Tax Law No. 5520, which regulates the corporate tax rate is amended with "Law on the Amendment of Additional Motor Vehicles Tax for Compensation of Economic Losses Caused by the Earthquakes Occurring on 6/2/2023 and Amendments to Some Laws and the Decree Law No. 375" , which includes the regulation on increase in corporate tax rate from %20 to %25 for the institutions other than banks and financial institutions and from 25% to 30% for banks and financial institutions, entered into force after being published in the Official Gazette dated 15 July 2023 and numbered 32249. With the same article (article 21) of the aforementioned law, it is ensured that the corporate tax rate, which was applied with a reduction by 1% to the earnings of the exporting companies exclusively from exports, is applied with a reduction by 5% in order to promote export. This amendment will be effective for the earnings of the corporations in 2023 and for the following tax periods, starting from the declarations that must be submitted after 1 October 2023. It will be effective in the tax calculation of the profits of the institutions subject to the special accounting period, obtained in the special accounting period starting in the 2023 calendar year and in the following taxation periods. This matter is considered as a non-adjusting event after the reporting period within the scope of TAS 10 "Events After the Reporting Period". Therefore, the impact of the related amendment on the Group's subsidiaries located in Turkey is being evaluated.

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## **Akfen Holding Anonim Şirketi**

### **Notes to the Consolidated Financial Statements as at and For the Period ended June 30, 2023**

#### **36. SUBSEQUENT EVENTS (cont'd)**

##### Akfen Holding

On July 26, 2023, Ocak Yatırım İnşaat A.Ş. and Şubat Yatırım İnşaat A.Ş. which are fully owned by Akfen Holding were established.

##### Akfen REIT

The remaining 49% of Fıratcan Turizm's shares were purchased by Akfen REIT on 18 July 2023 for TRY 10 million EUR equivalent which is owner of 2 years permit - license, 2 years construction period and lease to operate until 2051 within the scope of Söğütlüçeşme train station High Speed Train Station project in Kadıköy, Istanbul, 51% of which was purchased on March 31, 2021. Akfen REIT Board of Directors has become a 100% subsidiary after the said acquisition.

At the end of 2022, Akfen REIT's forward transaction amounting to EUR 5,000,000, fixed on July 14, 2023, was realized at a rate of 23.79, resulting in a profit of approximately TRY 28 million.

The "Share Repurchase Program", which was initiated with the decision taken on April 24, 2023, was terminated within the scope of the decision taken on July 25, 2023 in accordance with the resolution of the Board of Directors of the Akfen REIT regarding the Capital Markets Legislation and the share repurchase transactions included in the bulletin of the Capital Markets Board dated February 14, 2023 and numbered 2023/10.

Pursuant to the decision of the Board of Directors of the Akfen REIT dated April 13, 2023, between the Company and Merit Kıbrıs Turizm Ltd. on April 13, 2023, a transfer agreement regarding the transfer of the Merit Park Hotel & Casino hotel, whose investment has been completed, was signed in TRNC. Since the most appropriate transfer of the said hotel for Akfen REIT is the transfer of shares, Akfen GT, the subsidiary of the Company, is made into a special purpose company related to the hotel in question, so Akfen GT will be rendered no more activities and assets other than the hotel and the realization of the conditions in the contract, the conditions and principles of obtaining all necessary legal permissions, and the valuation to be made in accordance with the CMB legislation, if the transaction is approved by the Company's Board of Directors, it will be transferred to the buyer with a value of 70,000,000 USD + Variable share. Within the scope of turning Akfen GT into a special purpose company; Akfen GT has; 78.83% of the participation shares (A total of 95,388,303 of which 60,620,344 are in Group A and 34,767,959 in Group B) in Akfen Karaköy will be transferred to Akfen Güney Gayrimenkul İşletme A.Ş., which will be established due to the partial division, and the participation shares in the companies established in Russia (96.17% in Volgastroykom Ltd, 100% in Severny Avtovokzal Ltd., 97.80% in Kaliningradinvest Ltd., 97.80% in Yaroslavotelinvest Ltd, 97.80% in Samstroykom Ltd.) will be transferred to the newly established Akfen Kuzey Gayrimenkul İşletme A.Ş. in accordance with the provisions of Articles 19 and 20 of the Corporate Tax Law and Articles 159 to 179 of the Turkish Commercial Code, it has been included as capital with its net registered book value. The Company's capital has been reduced by TRY 82,761,692 due to the capital addition process through partial division.

An application was made to the CMB on August 23, 2023 for the capital increase regarding the increase its issued capital of TRY 1,300,000,000 within the registered capital ceiling of TRY 6,500,000,000 with a paid capital increase to TRY 2,600,000,000 (200.00%) to TRY 3,900,000,000.

##### General

Due to the decision taken by the Financial Conduct Authority ("FCA"), the publication of USD LIBOR rates has been terminated as of June 30, 2023; After June 30, 2023, the SOFR rates announced by the New York Central Bank will be used instead of USD LIBOR in the periodic interest rates to be determined in the loan transactions in US Dollars. The variable portion of the interest rates of the Group's USD Libor loans will also change in this context. The impact of this situation on the Group's consolidated financial statements is being evaluated.