

**ENKA İNŞAAT VE SANAYİ
ANONİM ŞİRKETİ
AND ITS SUBSIDIARIES**

Condensed Consolidated Interim Financial
Statements as at and for the Nine-Months
Period Ended
30 September 2022

TABLE OF CONTENTS	PAGE
CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION.....	1-2
CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS.....	3
CONDENSED CONSOLIDATED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME.....	4
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY.....	5
CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS.....	6
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS.....	7-29
NOTE 1 ORGANIZATIONS AND OPERATIONS OF THE GROUP.....	7
NOTE 2 BASIS OF PRESENTATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	8-14
NOTE 3 CHANGES IN OPERATIONAL SEASON.....	14
NOTE 4 SEGMENTAL INFORMATION	15-19
NOTE 5 CONSTRUCTION CONTRACTS.....	20
NOTE 6 INVESTMENT PROPERTY.....	20
NOTE 7 PROPERTY, PLANT AND EQUIPMENT.....	20
NOTE 8 COMMITMENTS.....	21
NOTE 9 RELATED PARTY BALANCES AND TRANSACTIONS.....	22
NOTE 10 SHARE CAPITAL AND RESERVES.....	22
NOTE 11 INVESTMENT INCOME / EXPENSES.....	23
NOTE 12 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES.....	24-27
NOTE 13 FINANCIAL INSTRUMENTS - FAIR VALUE EXPLANATIONS AND ACCOUNTING POLICY FOR HEDGING FINANCIAL RISK.....	28-29
NOTE 14 SUBSEQUENT EVENTS	29
NOTE 15 OTHER MATTERS THAT NEED TO BE DISCLOSED FOR THE FINANCIAL STATEMENTS TO BE CLEAR AND UNDERSTOOD.....	29

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2022

(Amounts are expressed in thousands of U.S. Dollars (“USD”) unless otherwise stated.)

ASSETS	Note	30 September 2022	31 December 2021
Current Assets		3,417,293	5,106,690
Cash and cash equivalents		1,226,277	2,061,707
Financial investments	13	1,196,715	2,207,993
Trade receivables		331,846	275,795
Other receivables			
Other receivables from related parties		4	2
Other receivables from third parties		7,027	13,512
Inventories		332,829	255,739
Prepaid expenses		223,584	185,854
Costs and estimated earnings in excess of billings on uncompleted contracts	5	37,724	22,371
Other current assets		42,760	63,417
		<u>3,398,766</u>	<u>5,086,390</u>
Assets held for sale		18,527	20,300
Non-Current Assets		5,010,409	3,995,644
Financial investments	13	1,948,494	995,731
Trade receivables		-	8,759
Investment properties	6	2,258,844	2,030,204
Property, plant and equipment		723,948	887,418
Intangible assets			
Other intangible assets		56,246	58,682
Deferred tax assets		17,385	13,239
Prepaid expenses		5,405	1,533
Other non-current assets		87	78
TOTAL ASSETS		<u>8,427,702</u>	<u>9,102,334</u>

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

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2022

(Amounts are expressed in thousands of U.S. Dollars (“USD”) unless otherwise stated.)

LIABILITIES	Note	30 September 2022	31 December 2021
Current Liabilities		1,557,788	1,755,791
Short-term borrowings		61,996	48,311
Current portion of long-term borrowings		3,714	12,041
Trade payables		337,675	348,309
Payables to employees		20,153	21,143
Other payables			
Payables to related parties		6	8
Payables to third parties		16,202	14,934
Billings in excess of costs and estimated earnings on uncompleted contracts	5	406,262	547,396
Deferred income		551,342	602,671
Taxation on income		64,490	27,368
Provisions			
Provisions for employee benefits		7,667	9,167
Other provisions		42,869	53,839
Other current liabilities		45,412	70,604
Non-Current Liabilities		554,850	604,959
Long-term borrowings		122,863	104,628
Other payables		25,510	24,520
Deferred income		5,131	3,128
Provisions for employee benefits		11,373	9,172
Deferred tax liabilities		389,973	463,511
EQUITY		6,315,064	6,741,584
Equity Attributable to Equity Holders of the Parent		6,255,136	6,674,694
Share capital	10	2,751,959	2,727,682
Treasury Shares	10	(129,012)	(129,468)
Revaluation surplus		110,034	110,445
Currency translation difference		(1,203,416)	(1,429,824)
Other reserves		(430)	(700)
Legal reserves and accumulated profit		4,726,001	5,396,559
Non-Controlling Interests		59,928	66,890
TOTAL LIABILITIES AND EQUITY		8,427,702	9,102,334

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

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

(Amounts are expressed in thousands of U.S. Dollars (“USD”) unless otherwise stated.)

	Note	1 January- 30 September 2022	1 January- 30 September 2021	1 July- 30 September 2022	1 July- 30 September 2021
CONTINUING OPERATIONS					
Revenue	4	2,785,911	1,993,924	1,166,848	945,581
Cost of revenues (-)	4	(2,118,905)	(1,379,539)	(905,840)	(686,934)
GROSS PROFIT		667,006	614,385	261,008	258,647
Administrative expenses (-)	4	(69,859)	(54,887)	(16,224)	(16,564)
Marketing, selling and distribution expenses (-)	4	(16,199)	(23,732)	(5,385)	(7,949)
Other operating income	4	21,509	20,089	130	4,078
Other operating expenses (-)	4	(32,488)	(32,075)	(6,626)	(3,947)
PROFIT FROM OPERATIONS		569,969	523,780	232,903	234,265
Income from investing activities	4,11	201,941	208,338	52,096	(20,587)
Expenses from investing activities (-)	4,11	(989,709)	(92,669)	(121,708)	(62,744)
OPERATING PROFIT BEFORE FINANCE EXPENSES		(217,799)	639,449	163,291	150,934
Financial income	4	129,163	29,521	42,321	(6,488)
Financial expenses (-)	4	(40,787)	(21,300)	(11,547)	5,188
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		(129,423)	647,670	194,065	149,634
Current tax expense (-)		(146,484)	(87,099)	(57,155)	(20,293)
Deferred tax income / (expense)		84,078	(27,739)	5,829	(3,822)
NET PROFIT (LOSS) FOR THE PERIOD		(191,829)	532,832	142,739	125,519
Attributable to:					
Non-controlling interest		3,644	(2,464)	3,085	(4,665)
Equity holders of the parent		(195,473)	535,296	139,654	130,184
		(191,829)	532,832	142,739	125,519
Earning / (Loss) per share from continuing operations					
- ordinary share certificate (full USD)		(0.03)	0.09	0.02	0.02
Weighted average number of shares (1 dollar weighted average shares)					
		5,853,669,629	5,853,669,629	5,853,669,629	5,853,669,629

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

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2022

(Amounts are expressed in thousands of U.S. Dollars (“USD”) unless otherwise stated.)

	1 January- 30 September 2022	1 January- 30 September 2021	1 July- 30 September 2022	1 July- 30 September 2021
NET PROFIT FOR THE PERIOD	(191,829)	532,832	142,739	125,519
Other Comprehensive Income / (Expense):				
Items that will not be reclassified subsequently to profit or loss				
Changes in currency translation difference in revaluation fund of property	(256)	(1,847)	(1,226)	(175)
Items that may be reclassified subsequently to profit or loss	38,625	(131,267)	(224,418)	(19,344)
Changes in currency translation difference	38,357	(131,364)	(224,688)	(19,368)
Gains (Losses) on financial assets measured at fair value through other comprehensive income	268	97	270	24
OTHER COMPREHENSIVE INCOME / (LOSS)	38,369	(133,114)	(225,644)	(19,519)
TOTAL COMPREHENSIVE INCOME	(153,460)	399,718	(82,905)	106,000
Attributable to:				
Non-controlling interest	(6,664)	(1,384)	(1,951)	(6,198)
Equity holders of the parent	(146,796)	401,102	(80,954)	112,198
	(153,460)	399,718	(82,905)	106,000

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

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 SEPTEMBER 2022

(Amounts are expressed in thousands of U.S. Dollars (“USD”) unless otherwise stated.)

	Share capital	Treasury Shares	Revaluation surplus	Currency translation difference	Other reserves	Legal reserves and accumulated profit	Total	Non-controlling interests	Total equity
Balance at 1 January 2021	2,727,682	(129,468)	111,729	(1,350,943)	(1,009)	5,335,550	6,693,541	76,588	6,770,129
Total other comprehensive income	-	-	(2,297)	(18,095)	97	(113,899)	(134,194)	1,080	(133,114)
Profit for the period	-	-	-	-	-	535,296	535,296	(2,464)	532,832
Total comprehensive income	-	-	(2,297)	(18,095)	97	421,397	401,102	(1,384)	399,718
Transfer of depreciation difference (net of deferred tax) of revaluation effect	-	-	33	-	-	(33)	-	-	-
Dividends paid	-	-	-	-	-	(243,869)	(243,869)	(558)	(244,427)
Balance at 30 September 2021	2,727,682	(129,468)	109,465	(1,369,038)	(912)	5,513,045	6,850,774	74,646	6,925,420
Balance at 1 January 2022	2,727,682	(129,468)	110,445	(1,429,824)	(700)	5,396,559	6,674,694	66,890	6,741,584
Total other comprehensive income	-	-	(256)	226,408	270	(177,745)	48,677	(10,308)	38,369
Profit for the period	-	-	-	-	-	(195,473)	(195,473)	3,644	(191,829)
Total comprehensive income	-	-	(256)	226,408	270	(373,218)	(146,796)	(6,664)	(153,460)
Increase (Decrease) through Treasury Share Transactions	-	456	-	-	-	-	456	-	456
Transfer of depreciation difference (net of deferred tax) of revaluation effect	-	-	(155)	-	-	155	-	-	-
Share capital increase	24,277	-	-	-	-	(24,277)	-	-	-
Dividends paid	-	-	-	-	-	(273,218)	(273,218)	(298)	(273,516)
Balance at 30 September 2022	2,751,959	(129,012)	110,034	(1,203,416)	(430)	4,726,001	6,255,136	59,928	6,315,064

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

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

(Amounts are expressed in thousands of U.S. Dollars (“USD”) unless otherwise stated.)

	1 January- 30 September 2022	1 January- 30 September 2021
Cash flows from operating activities		
Profit for the period	(191,829)	532,832
Adjustments to reconcile net income to net cash used in operating activities:		
- Adjustments related to depreciation and amortisation	59,308	70,285
- Adjustments related to provision for employment	1,743	2,673
- Adjustments related to allowance for doubtful receivables	-	400
- Adjustments related to provision for litigations	3,086	5,742
- (Income) / loss from fair value of forward transactions	(6,391)	5,359
- Adjustments to related to interest expense	4,699	1,985
- Adjustments to related to interest income	(79,968)	(68,885)
- Adjustments to related to dividend income	(19,250)	(16,216)
- Adjustments to related to provision for inventory impairment, net	(859)	(949)
- Adjustments to related to gain on sale or disposal of property, plant and equipment, net	(5,889)	(8,947)
- Adjustments to related to fair value increase in investment properties	81,408	-
- Adjustments to related to valuation of investment securities	781,069	(8,740)
- Interest accrual	273	16
- Tax expense	62,406	114,838
	<u>689,806</u>	<u>630,393</u>
Movements in working capital		
Change in trade and other receivables	(46,865)	(10,860)
Change cost and estimated earnings in excess of billings on uncompleted contracts	(15,353)	(20,493)
Change in inventory	(76,231)	5,044
Change in other current assets and other non current assets	(12,698)	(29,980)
Change in trade and other payables	(10,634)	148,899
Change in billings in excess of cost and estimated earnings on uncompleted contracts	(141,133)	87,093
Change provision for liabilities and other liabilities	(82,148)	177,710
	<u>(385,062)</u>	<u>357,413</u>
Income taxes paid	(109,363)	(89,291)
Employee termination benefits paid	(522)	(2,820)
Net cash generated from operating activities	<u>194,859</u>	<u>895,695</u>
Cash flows from investing activities		
Purchases of financial investments	(1,597,528)	(612,499)
Sale of financial investments	874,974	454,346
Proceeds on disposal or sale of property, plant and equipment	17,310	38,344
Purchases of property, plant and equipment, intangible assets and investment properties	(50,015)	(138,973)
Interest received	50,391	62,235
Dividend received	19,250	16,216
Net cash used in investing activities	<u>(685,618)</u>	<u>(180,331)</u>
Cash flows from financing activities		
Addition to borrowings	73,717	9,952
Repayments of borrowings	(67,029)	(64,592)
Sale of treasury shares	456	-
Interest received	29,304	6,633
Interest paid	(4,737)	(2,086)
Dividend paid to non-controlling interests	(298)	(558)
Dividend paid	(273,218)	(243,869)
Net cash used in financing activities	<u>(241,805)</u>	<u>(294,520)</u>
Translation reserve	(102,866)	(50,712)
Net increase / (decrease) in cash and cash equivalents	<u>(835,430)</u>	<u>370,132</u>
Cash and cash equivalents at beginning of the period	2,061,707	1,349,709
Cash and cash equivalents at end of the period	<u>1,226,277</u>	<u>1,719,841</u>

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

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

(Amounts are expressed as thousands of U.S. Dollars (“USD”) unless otherwise stated. Currencies other than USD are expressed in thousands unless otherwise indicated.)

1. ORGANIZATIONS AND OPERATIONS OF THE GROUP

Enka İnşaat ve Sanayi Anonim Şirketi (“the Group”) was established on 4 December 1967 and registered in İstanbul, Turkey, under the Turkish Commercial Code. The address of the headquarters and registered office of Enka İnşaat is Balmumcu, Zincirlikuyu Yolu No:10, 34349 Enka Binası Beşiktaş, İstanbul, Turkey.

As of 28 June 2002, Enka İnşaat merged legally with its publicly traded shareholder company, Enka Holding Yatırım Anonim Şirketi (“Enka Holding”), which were under the common control of Tara Holding Anonim Şirketi and Tara and Gülçelik families. As of 30 September 2022, 8.70% of the shares of Enka İnşaat is traded publicly in İstanbul Stock Exchange (“ISE”).

As of 30 September 2022, the average numbers of white and blue-collar personnel are respectively 5,184 and 16,450 (31 December 2021 – 4,838 and 14,624).

For the purpose of the condensed consolidated interim financial statements, Enka İnşaat, its consolidated subsidiaries and its joint operations are hereinafter referred to as “the Group”.

The Group operates in geographical areas below:

- i. *Turkey*: engaged in diverse types of construction activities including construction of industrial and social buildings, motorways and construction and operation of natural gas fired electrical energy generation facilities. Additionally, the Group is operating in trading activities.
- ii. *Russian Federation, Georgia, Turkmenistan and Kazakhstan*: engaged in construction activities and also in investment and development of real estate properties and shopping malls in Moscow, Russia.
- iii. Engaged in construction activities in Gabon, Kenya, Djibouti, Mauritania and Libya in Africa; Saudi Arabia, Sri Lanka, India, Oman, Iraq and Afghanistan in Asia; Mexico in North America and Paraguay, Brasil in South America and Bahamas in Carribean.
- iv. *Europe*: engaged in construction and trading activities in Romania, the Netherlands, Switzerland, Greece, Germany, Serbia, Kosovo, United Kingdom and Italy.

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

(Amounts are expressed as thousands of U.S. Dollars (“USD”) unless otherwise stated. Currencies other than USD are expressed in thousands unless otherwise indicated.)

2. BASIS OF PRESENTATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of accounting

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and the Uniform Chart of Accounts published by the Ministry of Treasury and Finance. The consolidated financial statements are presented in U.S. Dollars (“USD”) and all values are rounded to the nearest thousand (‘000) except when otherwise indicated.

Enka İnşaat and its subsidiaries which are incorporated in Turkey, maintain their books of accounts in accordance with the Turkish Commercial Code and Tax Law and the foreign subsidiaries maintain their books of accounts in accordance with the laws and regulations in force in the countries where they are registered. The Company prepares its statutory consolidated financial statements in Turkish Lira (“TL”) in accordance with Turkish Financial Reporting Standards (“TFRS”) issued by Public Oversight Accounting and Auditing Standards Authority of Turkey (“POA”) according to the Article 5 of the Communiqué as set out in the Communiqué serial II, No: 14.1 announcement of Capital Markets Board (“CMB”) dated 13 June 2013 related to “Capital Market Communiqué on Principles Regarding Financial Reporting”. The consolidated financial statements are based on the statutory records with adjustments and reclassifications for the purpose of fair presentation in accordance with IFRS.

The condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) including requirements of IAS 34 “Interim Financial Reporting”. IAS consists of International Accounting Standards, International Financial Reporting Standards (“IFRS”) and related appendices and interpretations.

The condensed consolidated interim financial statements have been prepared on the historical cost convention, except for financial assets at fair value through profit or loss, investment properties, land and buildings which are measured at fair values.

Approval of the financial statements:

The condensed consolidated interim financial statements are approved by the Company’s Board of Directors on 8 November 2022. 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.

Functional and presentation currency

As significant amount of construction operations of Enka İnşaat which form main part of the operations of the Group are carried out in U.S. Dollar or indexed to U.S. Dollar, this currency has been determined as the functional and the presentation currency of the Group in line with IAS 21. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies (i.e. any currency other than the functional currency) are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the consolidated statement of profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currencies of the Power companies’ operating in Turkey, was changed from U.S. Dollar to TL due to the changes in operations or activity in the economic environment as of 31 December 2019.

The functional currencies of foreign subsidiaries operating in Russia (Moscow Krasnye Holmy (MKH), Limited Liability Company Mosenka (Mosenka) and Limited Liability Company Enka TC (Enka TC) are Ruble. The functional currency of jointly managed subsidiaries established in Romania, Kosovo and Albania and Enka Pazarlama are the Euro. The functional currency of some subsidiaries incorporated in Turkey is TL. These companies reporting to Enka İnşaat in the currency of their respective currencies.

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

(Amounts are expressed as thousands of U.S. Dollars (“USD”) unless otherwise stated. Currencies other than USD are expressed in thousands unless otherwise indicated.)

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont’d)

2.1 Basis of presentation (cont’d)

Functional and presentation currency (cont’d)

The assets and liabilities of the subsidiaries, joint operations and branches whose functional currency is other than U.S. Dollars are translated into U.S. Dollars at the rate of exchange ruling at the balance sheet date and their consolidated statement of profit or loss are translated at the average exchange rates for the year. The exchange differences arising on the translation are taken directly to a separate component of equity as currency translation difference.

Within Turkey, official exchange rates of the Turkish Lira (TL) are determined by the Central Bank of Turkey (CBT) and are generally considered to be a reasonable approximation of market rates

As of 30 September 2022, 31 December 2021 and 30 September 2021, the buying rates and average rates for one U.S. Dollar can be summarized as below:

	30 September 2022	31 December 2021	30 September 2021
U.S. Dollars/TL – as of balance sheet date	18.5187	13.3290	8.8433
U.S. Dollars/TL – yearly average	15.8812	8.8680	8.0908

Inflation accounting

The functional currencies of the Power companies’ operating in Turkey, was changed from U.S. Dollar to TL due to the changes in operations or activity in the economic environment as of 31 December 2019. The inflation accounting effects of the Companies operating in Turkey are insignificant as of 30 September 2022.

Comparative information and reclassification of prior year consolidated financial statements

The Group prepares comparative condensed consolidated interim financial statements, to enable readers to determine financial position and performance trends. For the purposes of effective comparison, comparative condensed consolidated interim financial statements can be reclassified when deemed necessary by the Group, where descriptions on significant differences are disclosed. In the current year, there is no such reclassification.

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

(Amounts are expressed as thousands of U.S. Dollars (“USD”) unless otherwise stated. Currencies other than USD are expressed in thousands unless otherwise indicated.)

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont’d)

2.1 Basis of presentation (cont’d)

Basis of consolidation

The condensed consolidated interim financial statements comprise the financial statements of the parent company, its joint operations and its subsidiaries as at 30 September 2022. The condensed consolidated interim financial statements of the joint operations and the subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies.

Control is achieved when the Group:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group’s voting rights in an investee are sufficient to give it power, including:

- the size of the Group’s holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders’ meetings.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. All significant intra-group transactions and balances between Enka İnşaat and its consolidated subsidiaries and joint operations are eliminated.

Subsidiaries are all entities over which the Group has power to govern the financial and operating policies so as to benefit from its activities. Subsidiaries in which the Group owns directly or indirectly more than 50% of the voting rights, or has power to govern the financial and operating policies under a statute or agreement are consolidated. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Non-controlling interests represent the portion of consolidated statement of profit or loss and net assets not held by the Group and are presented separately in the consolidated statement of profit or loss and within equity in the consolidated balance sheet, separately from parent shareholders’ equity.

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

(Amounts are expressed as thousands of U.S. Dollars (“USD”) unless otherwise stated. Currencies other than USD are expressed in thousands unless otherwise indicated.)

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont’d)

2.2 Changes in the accounting policies

The accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the last annual financial statements.

2.3 Changes in Accounting Estimates and Errors

Changes in accounting policies or accounting errors are applied retrospectively and the consolidated financial statements of the previous periods are restated. If estimated changes in accounting policies are for only one period, changes are applied on the current period but if the estimated changes effect the following periods, changes are applied both on the current and following years prospectively. There is no material change in accounting estimates of the Group in the current period.

When a significant accounting error is identified, it is corrected retrospectively and the prior year consolidated financial statements are restated. The Group did not detect any significant accounting error in the current year.

2.4 Standards and interpretations issued but not yet effective

Standards issued but not yet effective and not early adopted

A number of new standards and amendments to existing standards are not effective at reporting date and earlier application is permitted; however the Group has not early adopted are as follows.

IFRS 17 Insurance Contracts

On 18 May 2017, IASB issued IFRS 17 Insurance Contracts. This first truly globally accepted standard for insurance contracts will help investors and others better understand insurers’ risk exposure, profitability and financial position. IFRS 17 replaces IFRS 4, which was brought in as an interim Standard in 2004. IFRS 4 has given companies dispensation to carry on accounting for insurance contracts using national accounting standards, resulting in a multitude of different approaches. As a consequence, it is difficult for investors to compare and contrast the financial performance of otherwise similar companies. IFRS 17 solves the comparison problems created by IFRS 4 by requiring all insurance contracts to be accounted for in a consistent manner, benefiting both investors and insurance companies. Insurance obligations will be accounted for using current values – instead of historical cost. The information will be updated regularly, providing more useful information to users of financial statements. IFRS 17 has an effective date of 1 January 2023 but companies can apply it earlier.

The Group does not expect that application of IFRS 17 will have significant impact on its consolidated financial statements.

Initial Application of IFRS 17 and IFRS 9—Comparative Information (Amendment to IFRS 17)

In December 2021, IASB issued Initial Application of IFRS 17 and IFRS 9—Comparative Information (Amendment to IFRS 17). The amendment is a transition option relating to comparative information about financial assets presented on initial application of IFRS 17. The amendment is aimed at helping entities to avoid temporary accounting mismatches between financial assets and insurance contract liabilities, and therefore improve the usefulness of comparative information for users of financial statements. IFRS 17 incorporating the amendment is effective for annual reporting periods beginning on or after 1 January 2023.

The Group does not expect that application of these amendments to IFRS 17 will have significant impact on its consolidated financial statements.

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

(Amounts are expressed as thousands of U.S. Dollars (“USD”) unless otherwise stated. Currencies other than USD are expressed in thousands unless otherwise indicated.)

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont’d)

2.4 Standards and interpretations issued but not yet effective (cont’d)

Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts

IFRS 4 has been amended by IASB to reduce the impact of the differing effective dates of the new insurance contracts standard and IFRS 9. These amendments to IFRS 4 provide two optional solutions for insurers to reduce concerns about implementations: i) when applying IFRS 9 by insurers to its financial assets, an insurer will be permitted to reclassify the difference between profit or loss and other comprehensive income and the amounts recognised in profit or loss under IFRS 9 and those that would have been reported under IAS 39; or ii) an optional temporary exemption from applying IFRS 9 for companies whose activities are predominantly connected with insurance before January 1, 2023. These companies will be permitted to continue to apply existing requirements for financial instruments in IAS 39.

The Group does not expect that application of these amendments to IFRS 4 will have significant impact on its consolidated financial statements.

Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

On 23 January 2020, IASB issued *Classification of Liabilities as Current or Non-Current* which amends IAS 1 *Presentation of Financial Statements* to clarify its requirements for the presentation of liabilities in the statement of financial position.

The amendments clarify one of the criteria in IAS 1 for classifying a liability as non-current—that is, the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period.

The amendments include:

- (a) Specifying that an entity’s right to defer settlement must exist at the end of the reporting period;
- (b) Clarifying that classification is unaffected by management’s intentions or expectations about whether the entity will exercise its right to defer settlement;
- (c) Clarifying how lending conditions affect classification; and
- (d) Clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

The Group shall apply retrospectively these amendments for annual periods beginning on or after 1 January 2022 with earlier application permitted. However, according to the amendment published on 15 July 2020, IASB decided to defer the effective date of IAS 1 until 1 January 2023.

The Group does not expect that application of these amendments to IAS 1 will have significant impact on its consolidated financial statements

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

IASB has issued amendments to IAS 1 *Presentation of Financial Statements* and an update to IFRS Practice Statement 2 *Making Materiality Judgements* to help companies provide useful accounting policy disclosures on 12 February 2021.

The key amendments to IAS 1 include:

- requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company’s financial statements.

IASB also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures.

The amendments are consistent with the refined definition of material previously:

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

(Amounts are expressed as thousands of U.S. Dollars (“USD”) unless otherwise stated. Currencies other than USD are expressed in thousands unless otherwise indicated.)

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont’d)

2.4 Standards and interpretations issued but not yet effective (cont’d)

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) (cont’d)

“Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements”.

The amendments are effective from 1 January 2023, but companies can apply it earlier.

The Group does not expect that application of these amendments to Amendments to IAS 1 and IFRS Practice Statement 2) will have significant impact on its consolidated financial statements.

Definition of Accounting Estimates (Amendments to IAS 8)

The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty which is issued by IASB on 12 February 2021. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

Developing an accounting estimate includes both:

- selecting a measurement technique (estimation or valuation technique) – e.g. an estimation technique used to measure a loss allowance for expected credit losses when applying IFRS 9 Financial Instruments; and
- choosing the inputs to be used when applying the chosen measurement technique – e.g. the expected cash outflows for determining a provision for warranty obligations when applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

The effects of changes in such inputs or measurement techniques are changes in accounting estimates. The definition of accounting policies remains unchanged.

The amendments are effective for periods beginning on or after 1 January 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

The Group does not expect that application of these amendments to Amendments to IAS 1 and IFRS Practice Statement 2) will have significant impact on its consolidated financial statements.

Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to IAS 12 Income Taxes

In May 2021 IASB issued *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*, which amended IAS 12 Income Taxes.

The amendments to IAS 12 Income Taxes clarify how companies should account for deferred tax on certain transactions – e.g. leases and decommissioning provisions.

The amendments narrow the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

The amendments clarify that the exemption does not apply to transactions such as leases and decommissioning obligations. These transactions give rise to equal and offsetting temporary differences.

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

(Amounts are expressed as thousands of U.S. Dollars (“USD”) unless otherwise stated. Currencies other than USD are expressed in thousands unless otherwise indicated.)

2. BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS (cont’d)

2.4 Standards and interpretations issued but not yet effective (cont’d)

Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to IAS 12 Income Taxes (cont’d)

For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. If a company previously accounted for deferred tax on leases and decommissioning liabilities under the net approach, then the impact on transition is likely to be limited to the separate presentation of the deferred tax asset and the deferred tax liability.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Earlier application is permitted.

The Group does not expect that application of these amendments to Amendments to IAS 12 will have significant impact on its consolidated financial statements.

Amendments are effective on 1 January 2022

Changes that have become effective and have been adopted for annual periods beginning on or after 1 January 2022:

1. Annual Improvements to IFRS Standards 2018–2020 -Amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture
2. Reference to the Conceptual Framework – Amendments to IFRS 3 *Business Combinations*
3. Property, Plant and Equipment – Proceeds before Intended Use: Amendments to IAS 16 Property, Plant and Equipment
4. Onerous Contracts – Cost of Fulfilling a Contract: Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets

These newly adopted amendments to standards have not been a significant impact on the consolidated financial statements of the Group.

2.5 Use of judgements and estimates

In preparing these condensed consolidated interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. When a significant accounting error is identified, it is corrected retrospectively and the prior year consolidated financial statements are restated.

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2021.

3. CHANGES IN OPERATIONAL SEASON

The Group’s operations related to construction slow down during the winter season and differ significantly from other operational areas.

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

(Amounts are expressed as thousands of U.S. Dollars (“USD”) unless otherwise stated. Currencies other than USD are expressed in thousands unless otherwise indicated.)

4. SEGMENTAL INFORMATION

The Group’s operating businesses are organized and managed separately according to the nature of services and products provided and has four reportable segments as follows: construction, rental, energy and trading.

a) Business segments

	1 January - 30 September 2022					
	Construction contracts	Rental	Trade	Energy	Eliminations	Consolidated
Revenues	1,342,808	254,060	172,793	1,016,250	-	2,785,911
Inter-segment revenues	45,147	9,194	3,996	-	(58,337)	-
Cost of revenues (-)	(966,981)	(90,654)	(128,179)	(933,091)	-	(2,118,905)
Inter-segment cost of revenues (-)	(45,147)	(9,194)	(3,996)	-	58,337	-
Gross profit	375,827	163,406	44,614	83,159	-	667,006
Administrative expenses (-)	(47,665)	(12,102)	(5,212)	(4,880)	-	(69,859)
Marketing expenses (-)	(4,994)	(3,390)	(6,117)	(1,698)	-	(16,199)
Other operating income	13,473	2,913	3,856	1,267	-	21,509
Other operating expenses (-)	(24,463)	(1,406)	(1,132)	(5,487)	-	(32,488)
Profit from operations	312,178	149,421	36,009	72,361	-	569,969
Investment income	200,997	694	-	250	-	201,941
Investment expenses (-)	(905,464)	(84,159)	-	(86)	-	(989,709)
Profit from operations before financial income / (expenses)	(392,289)	65,956	36,009	72,525	-	(217,799)
Financial income	41,395	8,841	8,256	70,837	(166)	129,163
Financial expenses (-)	(27,103)	(1,320)	(12,228)	(302)	166	(40,787)
Profit / (loss) before tax	(377,997)	73,477	32,037	143,060	-	(129,423)
Current tax expense (-)	(70,048)	(27,095)	(6,802)	(42,539)	-	(146,484)
Deferred taxation income/ (expenses)	49,446	10,792	(293)	24,133	-	84,078
Profit / (loss) for the period from continuing operations	(398,599)	57,174	24,942	124,654	-	(191,829)
	30 September 2022					
	Construction contracts	Rental	Trade	Energy		Consolidated
Segment assets	5,432,872	2,368,110	193,674	433,046		8,427,702
Total assets	5,432,872	2,368,110	193,674	433,046		8,427,702
Segment liabilities	1,348,074	465,726	97,316	201,522		2,112,638
Total liabilities	1,348,074	465,726	97,316	201,522		2,112,638
	1 January - 30 September 2022					
	Construction contracts	Rental	Trade	Energy		Consolidated
Other segment information						
<u>Capital expenditures</u>						
Property, plant and equipment & investment property	32,250	13,566	1,413	2,310		49,539
Intangible assets	229	46	185	16		476
Total capital expenditures	32,479	13,612	1,598	2,326		50,015
Depreciation expense	39,142	1,577	1,371	12,896		54,986
Amortisation expense	4,199	55	47	21		4,322

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

(Amounts are expressed as thousands of U.S. Dollars (“USD”) unless otherwise stated. Currencies other than USD are expressed in thousands unless otherwise indicated.)

4. SEGMENTAL INFORMATION (cont’d)

a) Business segments(cont’d)

	1 July - 30 September 2022					Consolidated
	Construction contracts	Rental	Trade	Energy	Eliminations	
Revenues	512,742	85,372	65,801	502,933	-	1,166,848
Inter-segment revenues	25,454	9,194	1,026	-	(35,674)	-
Cost of revenues (-)	(350,906)	(34,033)	(48,493)	(472,408)	-	(905,840)
Inter-segment cost of revenues (-)	(25,454)	(9,194)	(1,026)	-	35,674	-
Gross profit	161,836	51,339	17,308	30,525	-	261,008
Administrative expenses (-)	(11,271)	(2,224)	(1,213)	(1,516)	-	(16,224)
Marketing expenses (-)	(1,754)	(1,331)	(2,292)	(8)	-	(5,385)
Other operating income	(2,269)	2,112	(310)	597	-	130
Other operating expenses (-)	(5,009)	(634)	58	(1,041)	-	(6,626)
Profit from operations	141,533	49,262	13,551	28,557	-	232,903
Investment income	51,346	677	-	73	-	52,096
Investment expenses (-)	(119,994)	(1,630)	-	(84)	-	(121,708)
Profit from operations before financial income / (expenses)	72,885	48,309	13,551	28,546	-	163,291
Financial income	6,896	5,099	8,110	22,265	(49)	42,321
Financial expenses (-)	(7,161)	4,398	(8,764)	(69)	49	(11,547)
Profit before tax	72,620	57,806	12,897	50,742	-	194,065
Current tax expense (-)	(38,268)	(7,996)	(3,122)	(7,769)	-	(57,155)
Deferred taxation income/(expenses)	8,565	(3,227)	144	347	-	5,829
Profit for the period from continuing operations	42,917	46,583	9,919	43,320	-	142,739

	1 July - 30 September 2022				Consolidated
	Construction contracts	Rental	Trade	Energy	
Other segment information					
<u>Capital expenditures</u>					
Investment Property					
Property, plant and equipment & investment property	4,566	2,394	217	751	7,928
Intangible assets	129	8	6	13	156
Total capital expenditures	4,695	2,402	223	764	8,084
Depreciation expense	11,998	848	485	3,393	16,724
Amortisation	1,462	11	17	6	1,496

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

(Amounts are expressed as thousands of U.S. Dollars (“USD”) unless otherwise stated. Currencies other than USD are expressed in thousands unless otherwise indicated.)

4. SEGMENTAL INFORMATION (cont’d)

a) Business segments(cont’d)

	1 January - 30 September 2021					
	Construction contracts	Rental	Trade	Energy	Eliminations	Consolidated
Revenues	1,159,600	225,275	174,191	434,858	-	1,993,924
Inter-segment revenues	9,765	-	28,771	-	(38,536)	-
Cost of revenues (-)	(793,796)	(73,229)	(130,142)	(382,372)	-	(1,379,539)
Inter-segment cost of revenues (-)	(9,765)	-	(28,771)	-	38,536	-
Gross profit	365,804	152,046	44,049	52,486	-	614,385
Administrative expenses (-)	(35,703)	(7,197)	(4,998)	(6,989)	-	(54,887)
Marketing expenses (-)	(11,926)	(3,622)	(6,878)	(1,306)	-	(23,732)
Other operating income	17,095	1,085	1,038	871	-	20,089
Other operating expenses (-)	(26,677)	(1,381)	(2,004)	(2,013)	-	(32,075)
Profit from operations	308,593	140,931	31,207	43,049	-	523,780
Investment income	203,512	1,480	-	3,346	-	208,338
Investment expenses (-)	(92,669)	-	-	-	-	(92,669)
Profit from operations before financial income / (expenses)	419,436	142,411	31,207	46,395	-	639,449
Financial income	6,715	2,429	4,903	15,750	(276)	29,521
Financial expenses (-)	(11,622)	(1,975)	(7,072)	(907)	276	(21,300)
Profit before tax	414,529	142,865	29,038	61,238	-	647,670
Current tax expense (-)	(40,288)	(38,335)	(8,325)	(151)	-	(87,099)
Deferred taxation income/ (expenses)	(11,617)	(2,772)	861	(14,211)	-	(27,739)
Profit for the period from continuing operations	362,624	101,758	21,574	46,876	-	532,832
	31 December 2021					
	Construction contracts	Rental	Trade	Energy		Consolidated
Segment assets	6,176,779	2,107,074	233,285	585,196		9,102,334
Total assets	6,176,779	2,107,074	233,285	585,196		9,102,334
Segment liabilities	1,602,667	411,275	102,739	244,069		2,360,750
Total liabilities	1,602,667	411,275	102,739	244,069		2,360,750
	1 January - 30 September 2021					
	Construction contracts	Rental	Trade	Energy		Consolidated
Other segment information						
<u>Capital expenditures</u>						
Property, plant and equipment & investment property	94,096	21,160	681	22,842		138,779
Intangible assets	182	8	-	4		194
Total capital expenditures	94,278	21,168	681	22,846		138,973
Depreciation expense	37,413	847	1,418	26,660		66,338
Amortisation expense	3,842	28	34	43		3,947

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

(Amounts are expressed as thousands of U.S. Dollars (“USD”) unless otherwise stated. Currencies other than USD are expressed in thousands unless otherwise indicated.)

4. SEGMENTAL INFORMATION (cont’d)

a) Business segments(cont’d)

	1 July - 30 September 2021					Consolidated
	Construction contracts	Rental	Trade	Energy	Eliminations	
Revenues	440,010	76,389	56,958	372,224	-	945,581
Inter-segment revenues	7,199	-	3,423	-	(10,622)	-
Cost of revenues (-)	(311,496)	(26,395)	(42,569)	(306,474)	-	(686,934)
Inter-segment cost of revenues (-)	(7,199)	-	(3,423)	-	10,622	-
Gross profit	128,514	49,994	14,389	65,750	-	258,647
Administrative expenses (-)	(12,095)	(500)	(1,252)	(2,717)	-	(16,564)
Marketing expenses (-)	(4,147)	(1,109)	(2,258)	(435)	-	(7,949)
Other operating income	3,779	913	(1,439)	825	-	4,078
Other operating expenses (-)	(2,252)	(587)	(14)	(1,094)	-	(3,947)
Profit from operations	113,799	48,711	9,426	62,329	-	234,265
Investment income	(22,011)	1,480	-	(56)	-	(20,587)
Investment expenses (-)	(62,744)	-	-	-	-	(62,744)
Profit from operations before financial income / (expenses)	29,044	50,191	9,426	62,273	-	150,934
Financial income	(12,608)	(502)	256	6,451	(85)	(6,488)
Financial expenses (-)	3,556	(512)	1,686	373	85	5,188
Profit before tax	19,992	49,177	11,368	69,097	-	149,634
Current tax expense (-)	(12,089)	(7,115)	(2,366)	1,277	-	(20,293)
Deferred taxation income/ (expenses)	4,295	(695)	21	(7,443)	-	(3,822)
Profit for the period from continuing operations	12,198	41,367	9,023	62,931	-	125,519

	1 July - 30 September 2021				Consolidated
	Construction contracts	Rental	Trade	Energy	
Other segment information					
<u>Capital expenditures</u>					
Property, plant and equipment & investment property	24,353	3,335	7	15,114	42,809
Intangible assets	35	1	-	4	40
Total capital expenditures	24,388	3,336	7	15,118	42,849
Depreciation expense	12,596	303	486	8,720	22,105
Amortisation expense	1,321	8	11	14	1,354

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

(Amounts are expressed as thousands of U.S. Dollars (“USD”) unless otherwise stated. Currencies other than USD are expressed in thousands unless otherwise indicated.)

4. SEGMENTAL INFORMATION (cont’d)

b) Geographical segments

1 January - 30 September 2022						
	Turkey	Russian Federation, Kazakhstan and Georgia	Iraq	Other	Eliminations	Consolidated
Net sales	1,523,521	797,863	39,779	424,748	-	2,785,911
Inter-segment sales	49,143	9,194	-	-	(58,337)	-
Capital expenditures	21,001	20,970	190	7,854	-	50,015
30 September 2022						
	Turkey	Russian Federation, Kazakhstan and Georgia	Iraq	Other	Eliminations	Consolidated
Segmental assets	4,537,379	3,318,544	41,251	530,528	-	8,427,702
1 July - 30 September 2022						
	Turkey	Russian Federation, Kazakhstan and Georgia	Iraq	Other	Eliminations	Consolidated
Net sales	720,569	304,980	7,729	133,570	-	1,166,848
Inter-segment sales	26,480	9,194	-	-	(35,674)	-
Capital expenditures	5,067	2,847	7	163	-	8,084
1 January - 30 September 2021						
	Turkey	Russian Federation, Kazakhstan and Georgia	Iraq	Other	Eliminations	Consolidated
Net sales	903,276	571,454	61,811	457,383	-	1,993,924
Inter-segment sales	38,536	-	-	-	(38,536)	-
Capital expenditures	32,730	47,975	1,053	57,215	-	138,973
31 December 2021						
	Turkey	Russian Federation, Kazakhstan and Georgia	Iraq	Other	Eliminations	Consolidated
Segmental assets	5,433,338	3,017,837	59,082	592,077	-	9,102,334
1 July - 30 September 2021						
	Turkey	Russian Federation, Kazakhstan and Georgia	Iraq	Other	Eliminations	Consolidated
Net sales	524,516	223,585	9,546	187,934	-	945,581
Inter-segment sales	10,622	-	-	-	(10,622)	-
Capital expenditures	17,660	14,820	1,029	9,340	-	42,849

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

(Amounts are expressed as thousands of U.S. Dollars (“USD”) unless otherwise stated. Currencies other than USD are expressed in thousands unless otherwise indicated.)

5. CONSTRUCTION CONTRACTS

The Group’s construction contract details as of 30 September 2022 and 31 December 2021 is as follows:

	30 September 2022	31 December 2021
Costs incurred on uncompleted contracts	2,547,778	2,425,669
Recognized profit less recognized losses to date, net	674,492	454,351
	<u>3,222,270</u>	<u>2,880,020</u>
Less: Progress billing	(3,590,808)	(3,405,045)
	<u>(368,538)</u>	<u>(525,025)</u>
	30 September 2022	31 December 2021
Costs and estimated earnings in excess of billings on uncompleted contracts (net)	37,724	22,371
Billings in excess of costs and estimated earnings on uncompleted contracts (net)	(406,262)	(547,396)
	<u>(368,538)</u>	<u>(525,025)</u>

As of 30 September 2022, the amount of advances received of subsidiaries and companies shares in joint operations is USD 504,425 (31 December 2021: USD 558,883).

6. INVESTMENT PROPERTIES

As of 30 September 2022 and 2021, movement of investment properties is as follows:

	1 January - 30 September 2022	1 January - 30 September 2021
Opening balance	2,030,204	1,912,105
Currency translation difference	307,012	12,109
Change in fair value, net	(81,408)	-
Additions	10,764	19,652
Disposals	(7,728)	-
Closing balance	<u>2,258,844</u>	<u>1,943,866</u>

7. PROPERTY, PLANT AND EQUIPMENT

During the period ended 30 September 2022 the Group purchased property plant and equipment amounting to USD 38,775 (30 September 2021: USD 119,127). In addition, during the period ended 30 September 2022 net book value of USD 11,421 (30 September 2021: USD 29,397) property plant and equipment sold for USD 17,310 (30 September 2021: USD 38,344).

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

(Amounts are expressed as thousands of U.S. Dollars (“USD”) unless otherwise stated. Currencies other than USD are expressed in thousands unless otherwise indicated.)

8. COMMITMENTS

Litigations

During the period ended 30 September 2022, the Group does not have any legal claims or progress to existing legal claims that need additional explanation other than disclosed as of 31 December 2021 the consolidated financial statements. The Group properly records the provision related to these carried forward legal claims. Provision rates and probable outflows are considered while estimating the provisions. The Group does not record provision for the legal claims that would not result in a probable cash outflow.

Commitments and contingencies

The breakdown of letters of guarantee, guarantee notes given, mortgage and pledges (together referred to as Guarantees) by the Group as of 30 September 2022 and 31 December 2021 is as follows:

	30 September 2022		31 December 2021	
	Original Currency	USD Equivalent	Original Currency	USD Equivalent
Letters of guarantee, guarantee notes given, mortgage and pledges				
A. Total amount of guarantees provided by the Company on behalf of itself		1,003,036		1,155,426
-USD	280,575	280,575	273,080	273,080
-EUR	288,565	282,656	359,029	406,374
-TL	923,588	49,873	1,862,954	139,767
-Others (*)		389,931		336,205
B. Total amount for guarantees provided on behalf of subsidiaries accounted under full consolidation method		84,559		81,370
-USD	4,354	4,354	85	85
-EUR	-	-	-	-
-TL	822	44	822	62
-Others (*)		80,161		81,224
C. Provided on behalf of third parties in order to maintain operating activities (to secure third party payables)	-	-	-	-
D. Other guarantees given	-	-	-	-
i. Total amount of guarantees given on behalf of the parent company	-	-	-	-
ii. Total amount of guarantees provided on behalf of the associates which are not in the scope of B and C	-	-	-	-
iii. Total amount of guarantees provided on behalf of third parties which are not in the scope of C	-	-	-	-
		<u>1,087,595</u>		<u>1,236,796</u>

(*) U.S Dollar equivalents of letters of guarantee, guarantee notes given, mortgage and pledges other than USD, TL and EUR. As of 30 September 2022 the portion of other guarantess given to shareholders' equity is 0% (31 December 2021 - 0%).

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

(Amounts are expressed as thousands of U.S. Dollars (“USD”) unless otherwise stated. Currencies other than USD are expressed in thousands unless otherwise indicated.)

9. RELATED PARTY BALANCES AND TRANSACTIONS

No extraordinary or significant transaction is realized with related parties throughout the interim period.

10. SHARE CAPITAL AND RESERVES

The shareholders of the Group and their percentage of ownership as of 30 September 2022 and 31 December 2021 is as follows:

	30 September 2022		31 December 2021	
	Percentage of ownership	Amount	Percentage of ownership	Amount
Tara Holding A.Ş.	49.80%	1,370,476	49.80%	1,358,385
Vildan Gülçelik	7.99%	219,881	7.99%	217,991
Sevda Gülçelik	6.43%	176,951	6.43%	175,390
Enka Spor Eğitim ve Sosyal Yardım Vakfı	5.87%	161,540	5.87%	160,115
Other	29.91%	823,111	29.91%	815,801
	100%	2,751,959	100%	2,727,682
Purchase of treasury shares		(129,012)		(129,468)
		2,622,947		2,598,214

Based on the power vested in the Board of Directors of Enka İnşaat by the General Assembly in its ordinary Meeting held on 30 March 2021; regarding to the distribution of the period between 1 January – 30 September 2021 profit, it is resolved to distribute, as of the date of 05 December 2022 a total TL 1,200,000 to the shareholders representing the share capital amounting to TL 5,600,000. The Dividend decided to be distributed was distributed on 5 January 2022.

Based on the Group’s Ordinary General Assembly held on 25 March 2022; In addition to dividend advance distributed on 5 January 2022, regarding to the distribution of the year 2021 profit, it has been resolved to distribute dividend to its shareholders for each TL 1 (full TL) nominal valued share in total TL 2,800,000 (2021 - TL 2,000,000); further it has been resolved to distribute TL 61,026 (2021 - TL 41,903) as cash dividend to founder shares. The Dividend decided to be distributed was distributed on 13 April 2022.

Based on the Group’s Ordinary General Assembly held on 25 March 2022; The Group has decided to increase its capital from TL 5,600,000 to TL 6,000,000. The entire amount of TL 400,000 to be increased was covered from dividends.

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

(Amounts are expressed as thousands of U.S. Dollars (“USD”) unless otherwise stated. Currencies other than USD are expressed in thousands unless otherwise indicated.)

11. INVESTMENT INCOME / EXPENSES

	1 January- 30 September 2022	1 January- 30 September 2021
Income from investing activities		
Interest income from financial investments	50,391	62,235
Increase in value of financial investments	-	40,425
Foreign exchange income from investing activities	30,093	22,677
Income from sale of securities	96,011	57,837
Dividend income	19,250	16,216
Gains from sales of property, plant and equipment	6,196	8,948
	<u>201,941</u>	<u>208,338</u>
Expenses from investing activities		
	1 January- 30 September 2022	1 January- 30 September 2021
Decrease in the fair value of investment properties	(81,408)	-
Losses from valuation of investment securities*	(781,069)	(31,685)
Foreign exchange losses from investing activities	(105,275)	(39,541)
Losses from sale of securities	(21,650)	(21,443)
Loss from sales of property, plant and equipment	(307)	-
	<u>(989,709)</u>	<u>(92,669)</u>

*“Losses from valuation of investment securities” classified under Expenses from Investing Activities is the valuation loss resulting from valuation of Financial Investments amounting to USD 3,145,209 in the Group's balance sheet within the scope of IFRS 9. The breakdown of this valuation loss by financial assets is as follows.

	30 September 2022	30 September 2021
Losses from valuation of investment securities		
Private sector bonds	(32,996)	-
Foreign Government bonds	(206,276)	-
Equity securities	(415,823)	(31,685)
Turkish Government bonds	(27,389)	-
Mutual funds	(98,585)	-
	<u>(781,069)</u>	<u>(31,685)</u>

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

(Amounts are expressed as thousands of U.S. Dollars (“USD”) unless otherwise stated. Currencies other than USD are expressed in thousands unless otherwise indicated.)

12. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Foreign currency risk

The Group is exposed to foreign exchange risk arising from various currency exposures primarily with respect to Euro, Russian Ruble, TL and also U.S Dollar which arises from the liabilities belonging to the companies in the consolidation scope, whose the functional currency is not U.S Dollar.

The Group is engaged in construction, trading, energy and real estate operations business in several countries and, as a result, is exposed to movements in foreign currency exchange rates. In addition to transactional exposures, the Group is also exposed to foreign exchange movements on its net investments in foreign subsidiaries.

The Group manages foreign currency risk by using natural hedges that arise from offsetting foreign currency denominated assets and liabilities.

The foreign currency risk of the Group arises from the credits used in U.S. Dollars and Euro. In order to mitigate the risk, the Group continuously monitors its cash inflows/outflows and also uses financial instruments to hedge the risk when it is necessary.

The following table details the Group’s foreign currency position as at 30 September 2022 and 31 December 2021:

	<u>30 September 2022</u>	<u>31 December 2021</u>
A. Assets denominated in foreign currency	1,053,708	1,224,233
B. Liabilities denominated in foreign currency	<u>(625,287)</u>	<u>(581,703)</u>
Net foreign currency position (A+B)	<u><u>428,421</u></u>	<u><u>642,530</u></u>

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

(Amounts are expressed as thousands of U.S. Dollars (“USD”) unless otherwise stated. Currencies other than USD are expressed in thousands unless otherwise indicated.)

12. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont’d)

Foreign currency risk (cont’d)

The Group’s foreign currency position at 30 September 2022 and 31 December 2021 is as follows (non-monetary items are not included in the table as they don’t have foreign currency risk):

	30 September 2022						Total USD Equivalent
	TL	USD Equivalent	Euro	USD Equivalent	Other USD (*)	USD (**)	
Cash and cash equivalents	355,346	19,189	112,703	110,393	100,637	30,308	260,527
Financial investments	1,995,180	107,739	150,140	147,062	179,390	-	434,191
Trade and other receivables	106,166	5,733	35,225	34,503	67,435	7,579	115,250
Other current assets	181,890	9,822	73,897	72,383	63,874	43,782	189,861
Current assets	2,638,582	142,483	371,965	364,341	411,336	81,669	999,829
Financial investments	-	-	33,041	32,364	10,507	-	42,871
Trade and other receivables	-	-	9,755	9,555	-	-	9,555
Other non-current assets	24,390	1,317	94	92	41	3	1,453
Non-current assets	24,390	1,317	42,890	42,011	10,548	3	53,879
Total assets	2,662,972	143,800	414,855	406,352	421,884	81,672	1,053,708
Short-term borrowings	-	-	43,051	42,168	2	-	42,170
Trade and other payables	238,235	12,865	133,274	130,542	275,411	16,241	435,059
Other current liabilities and accrued expenses	403,915	21,811	14,350	14,055	72,697	18,129	126,692
Current liabilities	642,150	34,676	190,675	186,765	348,110	34,370	603,921
Trade and other payables	-	-	-	-	-	-	-
Long-term borrowings	-	-	-	-	17,316	-	17,316
Other non-current liabilities	-	-	85	83	-	3,967	4,050
Non-current liabilities	-	-	85	83	17,316	3,967	21,366
Total liabilities	642,150	34,676	190,760	186,848	365,426	38,337	625,287
Net foreign currency position	2,020,822	109,124	224,095	219,504	56,458	43,335	428,421
Net notional amount of derivatives	-	-	88,500	86,686	-	-	86,686

(*) U.S. Dollar equivalents of the foreign currency balances other than TL and Euro.

(**) U.S. Dollar balances of consolidated subsidiaries and joint ventures whose functional currency is other than U.S. Dollar.

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2022**

(Amounts are expressed as thousands of U.S. Dollars (“USD”) unless otherwise stated. Currencies other than USD are expressed in thousands unless otherwise indicated.)

12. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont’d)

Foreign currency risk (cont’d)

	31 December 2021						Total USD Equivalent
	TL	USD Equivalent	Euro	USD Equivalent	Other USD (*)	USD (**)	
Cash and cash equivalents	65,947	4,948	209,871	237,553	104,003	68,942	415,446
Financial investments	1,511,128	113,371	129,854	146,982	236,301	-	496,654
Trade and other receivables	35,367	2,653	39,763	45,008	42,507	3,942	94,110
Other current assets	166,353	12,481	77,050	87,213	35,971	46,682	182,347
Current assets	1,778,795	133,453	456,538	516,756	418,782	119,566	1,188,557
Financial investments	-	-	11,229	12,710	11,954	-	24,664
Trade and other receivables	-	-	8,441	9,555	-	-	9,555
Other non-current assets	15,971	1,198	198	224	32	3	1,457
Non-current assets	15,971	1,198	19,868	22,489	11,986	3	35,676
Total assets	1,794,766	134,651	476,406	539,245	430,768	119,569	1,224,233
Short-term borrowings	-	-	25,018	28,318	9,138	-	37,456
Trade and other payables	98,270	7,373	158,028	178,872	203,850	19,034	409,129
Other current liabilities and accrued expenses	331,129	24,843	5,857	6,629	66,076	17,166	114,714
Current liabilities	429,399	32,216	188,903	213,819	279,064	36,200	561,299
Trade and other payables	-	-	-	-	-	-	-
Long-term borrowings	-	-	-	-	17,320	-	17,320
Other non-current liabilities	-	-	9	10	-	3,074	3,084
Non-current liabilities	-	-	9	10	17,320	3,074	20,404
Total liabilities	429,399	32,216	188,912	213,829	296,384	39,274	581,703
Net foreign currency position	1,365,367	102,435	287,494	325,416	134,384	80,295	642,530
Net notional amount of derivatives	909	68	135,942	153,873	-	-	153,941

(*) U.S. Dollar equivalents of the foreign currency balances other than TL and Euro.

(**) U.S. Dollar balances of consolidated subsidiaries and joint ventures whose functional currency is other than U.S. Dollar.

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

(Amounts are expressed as thousands of U.S. Dollars (“USD”) unless otherwise stated. Currencies other than USD are expressed in thousands unless otherwise indicated.)

12. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont’d)

Foreign currency risk (cont’d)

	30 September 2022		31 December 2021	
	Profit / (loss)		Profit / (loss)	
	Valuation of foreign currency	Devaluation of foreign currency	Valuation of foreign currency	Devaluation of foreign currency
<i>In the case of TL gaining 10% value against US Dollar</i>				
1- TL net asset / (liability)	10,912	(10,912)	10,244	(10,244)
2- Portion hedged against TL risk (-)	-	-	7	(7)
3- TL net effect (1+2)	10,912	(10,912)	10,251	(10,251)
<i>In the case of Euro gaining 10% value against US Dollar</i>				
4- Euro net asset / (liability)	21,950	(21,950)	32,542	(32,542)
5- Portion hedged against Euro risk (-)	8,669	(8,669)	15,387	(15,387)
6- Euro net effect (4+5)	30,619	(30,619)	47,929	(47,929)
<i>In the case of other foreign currencies gaining 10% value against US Dollar</i>				
7- Other foreign currency net asset / (liability)	5,646	(5,646)	13,438	(13,438)
8- Portion hedged against other foreign currency risk (-)	-	-	-	-
9- Other foreign currency net effect (7+8)	5,646	(5,646)	13,438	(13,438)
Total (3+6+9)	47,177	(47,177)	71,618	(71,618)

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

(Amounts are expressed as thousands of U.S. Dollars (“USD”) unless otherwise stated. Currencies other than USD are expressed in thousands unless otherwise indicated.)

13. FINANCIAL INSTRUMENTS – FAIR VALUE EXPLANATIONS AND ACCOUNTING POLICY FOR HEDGING FINANCIAL RISK

Fair value of financial assets and liabilities

Fair value is the amount for which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, if one exists.

Foreign currency denominated receivables and payables are revalued with the exchange rates valid as of the date of the financial statements.

The following methods and assumptions were used to estimate the fair value of the financial instruments that are not carried at fair value on the balance sheet:

Financial assets

The fair values of cash, amounts due from banks and other monetary assets are considered to approximate their respective carrying values due to their short-term nature. The carrying values of trade receivables are estimated to be their fair values due to their short-term nature. It is considered that the fair values of the long-term receivables are approximate to their respective carrying values as they are accounted for in foreign currencies.

Financial liabilities

The fair values of trade payables and other monetary liabilities are considered to approximate their respective carrying values due to their short-term nature. The fair values of bank borrowings are considered to approximate their respective carrying values, since initial rates applied to bank borrowings are updated periodically by the lender to reflect active market price quotations. The fair values of the trade receivables after discount are considered to be approximate to their corresponding carrying values. It is considered that the fair values of the long-term payables and long term financial borrowings are approximate to their respective carrying values as they are accounted for in foreign currencies.

Fair value hierarchy

The Group classifies the fair value measurement of each class of financial instruments that are measured at fair value on the balance sheet, according to the source, using three-level hierarchy, as follows:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Other valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Valuation techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

(Amounts are expressed as thousands of U.S. Dollars (“USD”) unless otherwise stated. Currencies other than USD are expressed in thousands unless otherwise indicated.)

13. FINANCIAL INSTRUMENTS – FAIR VALUE EXPLANATIONS AND ACCOUNTING POLICY FOR HEDGING FINANCIAL RISK (cont’d)

Fair value hierarchy (cont’d)

30 September 2022

	Level 1	Level 2	Level 3
Private sector bonds	684,971	-	-
Equity securities	979,482	8,046	7,606
Foreign government bonds	1,019,687	-	-
Turkish government bonds	268,748	-	-
Mutual funds	124,626	27,020	25,023
Financial assets at fair value through profit or loss	3,077,514	35,066	32,629
Derivative instruments	-	(121)	-
Financial liabilities at fair value through profit or loss	-	(121)	-

31 December 2021

	Level 1	Level 2	Level 3
Private sector bonds	877,019	-	-
Equity securities	1,711,811	3,749	7,720
Foreign government bonds	113,483	-	-
Turkish government bonds	214,370	-	-
Mutual funds	222,845	28,404	24,323
Financial assets at fair value through profit or loss	3,139,528	32,153	32,043
Derivative instruments	-	(1,878)	-
Financial liabilities at fair value through profit or loss	-	(1,878)	-

14. SUBSEQUENT EVENTS

None.

15. OTHER MATTERS THAT NEED TO BE DISCLOSED FOR THE FINANCIAL STATEMENTS TO BE CLEAR AND UNDERSTOOD

Uncertainties continue regarding the Group's business in Russia which started with the Russia's military operation in Ukraine. While preparing the consolidated financial statements as of 30 September 2022, the impact of these uncertainties have been reflected in the consolidated financial statements. In the coming periods, in the event that the negative impact of the risks that are likely to occur due to the increasing Russian risk premium continue on the energy, goods supply, real estate sector and commodity markets, the quantified equivalents of these additional impacts will continue to be reflected in the relevant consolidated financial statements.