

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

Condensed Consolidated Interim Financial
Statements as at and for the Six-Months Period
Ended with Independent Auditor's Review
Report
30 June 2023



KPMG Bağımsız Denetim ve
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Independent Auditor's Report on Review of Interim Financial Information

To the Board of Directors of Enka İnşaat ve Sanayi Anonim Şirketi

Introduction

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

Scope of Review

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



Conclusion

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

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



Gökhan Atılgan, SMMM
Partner

16 August 2023
İstanbul, Türkiye

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ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES**CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023**

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

		Reviewed 30 June 2023	Audited 31 December 2022
ASSETS	Note		
Current Assets		3,544,302	3,536,158
Cash and cash equivalents		1,091,291	1,026,291
Financial investments	13	1,525,044	1,478,120
Trade receivables		311,254	312,974
Other receivables			
Other receivables from related parties		5	-
Other receivables from third parties		7,589	7,146
Inventories		288,252	372,327
Prepaid expenses		242,399	232,137
Costs and estimated earnings in excess of billings on uncompleted contracts	5	23,904	28,255
Other current assets		39,999	62,375
		<u>3,529,737</u>	<u>3,519,625</u>
Assets held for sale		14,565	16,533
Non-Current Assets		4,778,928	5,044,379
Financial investments	13	2,116,028	2,092,693
Investment properties	6	1,830,025	2,028,224
Property, plant and equipment		731,395	819,799
Right of use assets		58,372	59,524
Intangible assets			
Other intangible assets		15,365	16,487
Deferred tax assets		23,355	21,563
Prepaid expenses		4,323	6,021
Other non-current assets		65	68
TOTAL ASSETS		<u>8,323,230</u>	<u>8,580,537</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 JUNE 2023

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

		Reviewed 30 June 2023	Audited 31 December 2022
LIABILITIES	Note		
Current Liabilities		1,341,375	1,481,853
Short-term borrowings		26,497	56,347
Current portion of long-term borrowings		4,069	4,908
Trade payables		312,908	451,180
Payables to employees		21,604	17,427
Other payables			
Payables to related parties		10	7
Payables to third parties		17,596	18,546
Billings in excess of costs and estimated earnings on uncompleted contracts	5	460,414	423,591
Deferred income		372,376	358,784
Taxation on income		28,458	59,001
Provisions			
Provisions for employee benefits		8,521	9,621
Other provisions		47,044	42,676
Other current liabilities		41,878	39,765
Non-Current Liabilities		512,198	552,246
Long-term borrowings		107,630	127,189
Other payables		22,953	24,674
Deferred income		2,075	4,528
Provisions for employee benefits		15,491	19,218
Deferred tax liabilities		364,049	376,637
EQUITY		6,469,657	6,546,438
Equity Attributable to Equity Holders of the Parent		6,392,300	6,471,053
Share capital	10	2,751,959	2,751,959
Treasury Shares	10	(126,701)	(127,194)
Revaluation surplus		183,070	195,343
Currency translation difference		(1,555,248)	(1,381,980)
Other reserves		(8,173)	(5,933)
Legal reserves and accumulated profit		5,147,393	5,038,858
Non-Controlling Interests		77,357	75,385
TOTAL LIABILITIES AND EQUITY		8,323,230	8,580,537

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 JUNE 2023

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

		Reviewed 1 January- 30 June 2023	Reviewed 1 January- 30 June 2022	Not Reviewed 1 April- 30 June 2023	Not Reviewed 1 April- 30 June 2022
	Note				
CONTINUING OPERATIONS					
Revenue	4	1,630,333	1,619,063	702,763	796,215
Cost of revenues (-)	4	(1,268,115)	(1,213,065)	(521,765)	(584,611)
GROSS PROFIT		362,218	405,998	180,998	211,604
Administrative expenses (-)	4	(91,166)	(53,635)	(22,413)	(31,541)
Marketing, selling and distribution expenses (-)	4	(13,081)	(10,814)	(6,767)	(4,007)
Other operating income	4	56,186	21,379	34,256	14,948
Other operating expenses (-)	4	(40,662)	(25,862)	(31,373)	(15,603)
PROFIT FROM OPERATIONS		273,495	337,066	154,701	175,401
Income from investing activities	4,11	293,452	149,845	59,922	80,390
Expenses from investing activities (-)	4,11	(129,070)	(868,001)	(25,282)	(603,697)
OPERATING PROFIT					
BEFORE FINANCE EXPENSES		437,877	(381,090)	189,341	(347,906)
Financial income	4	37,469	86,842	26,740	52,057
Financial expenses (-)	4	(35,941)	(29,240)	(10,673)	(19,897)
PROFIT BEFORE TAX					
FROM CONTINUING OPERATIONS		439,405	(323,488)	205,408	(315,746)
Current tax expense (-)		(92,894)	(89,329)	(63,839)	(47,692)
Deferred tax income / (expense)		(20,517)	78,249	(26,866)	64,754
NET PROFIT (LOSS) FOR THE PERIOD		325,994	(334,568)	114,703	(298,684)
Attributable to:					
Non-controlling interest		10,199	559	1,191	1,178
Equity holders of the parent		315,795	(335,127)	113,512	(299,862)
		325,994	(334,568)	114,703	(298,684)
Earning / (Loss) per share from continuing operations					
- ordinary share certificate (full USD)		0.05	(0.06)	0.02	(0.05)
Weighted average number of shares					
(1 dollar weighted average shares)		5,862,743,582	5,862,743,582	5,862,743,582	5,862,743,582

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 JUNE 2023**

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

	Reviewed 1 January- 30 June 2023	Reviewed 1 January- 30 June 2022	Not Reviewed 1 April- 30 June 2023	Not Reviewed 1 April- 30 June 2022
NET PROFIT FOR THE PERIOD	325,994	(334,568)	114,703	(298,684)
Other Comprehensive Income / (Expense):				
Items that will not be reclassified subsequently to profit or loss	(10,667)	970	(10,809)	2,073
Changes in currency translation difference in revaluation fund of property	(10,667)	970	(10,809)	2,073
Items that may be reclassified subsequently to profit or loss	(271,035)	263,043	(206,498)	418,789
Changes in currency translation difference	(271,007)	263,045	(206,496)	418,892
Gains (Losses) on financial assets measured at fair value through other comprehensive income	(28)	(2)	(2)	(103)
OTHER COMPREHENSIVE INCOME / (LOSS)	(281,702)	264,013	(217,307)	420,862
TOTAL COMPREHENSIVE INCOME	44,292	(70,555)	(102,604)	122,178
Attributable to:				
Non-controlling interest	11,096	(4,713)	912	(2,648)
Equity holders of the parent	33,196	(65,842)	(103,516)	124,826
	44,292	(70,555)	(102,604)	122,178

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 JUNE 2023

(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 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	-	-	970	404,920	-	(136,605)	269,285	(5,272)	264,013
Profit for the period	-	-	-	-	-	(335,127)	(335,127)	559	(334,568)
Total comprehensive income	-	-	970	404,920	-	(471,732)	(65,842)	(4,713)	(70,555)
Increase (Decrease) through Treasury Share Transactions	-	456	-	-	-	-	456	-	456
Transfer of depreciation difference									
Share capital increase	24,277	-	-	-	-	(24,277)	-	-	-
Dividends paid	-	-	-	-	-	(273,218)	(273,218)	-	(273,218)
Balance at 30 June 2022	2,751,959	(129,012)	111,415	(1,024,904)	(700)	4,627,332	6,336,090	62,177	6,398,267
Balance at 1 January 2023	2,751,959	(127,194)	195,343	(1,381,980)	(5,933)	5,038,858	6,471,053	75,385	6,546,438
Total other comprehensive income	-	-	(12,169)	(173,268)	(2,240)	(94,922)	(282,599)	897	(281,702)
Profit for the period						315,795	315,795	10,199	325,994
Total comprehensive income	-	-	(12,169)	(173,268)	(2,240)	220,873	33,196	11,096	44,292
Increase (Decrease) through Treasury Share Transactions	-	493	-	-	-	-	493		493
Transfer of depreciation difference (net of deferred tax) of revaluation effect	-	-	(104)	-	-	104	-	-	-
Dividends paid	-	-	-	-	-	(112,442)	(112,442)	(9,124)	(121,566)
Balance at 30 June 2023	2,751,959	(126,701)	183,070	(1,555,248)	(8,173)	5,147,393	6,392,300	77,357	6,469,657

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 JUNE 2023

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

	Reviewed 1 January- 30 June 2023	Reviewed 1 January- 30 June 2022
Cash flows from operating activities		
Profit for the period	325,994	(334,568)
Adjustments to reconcile net income to net cash used in operating activities:		
- Adjustments related to depreciation and amortisation	35,896	41,089
- Adjustments related to provision for employment	1,069	809
- Adjustments related to allowance for doubtful receivables	149	-
- Adjustments related to provision for litigations	1,242	2,433
- (Income) / loss from fair value of forward transactions	(800)	(4,059)
- Adjustments to related to interest expense	974	2,731
- Adjustments to related to interest income	(36,738)	(42,577)
- Adjustments to related to dividend income	(9,514)	(15,228)
- Adjustments to related to provision for inventory impairment, net	(466)	(611)
- Adjustments to related to gain on sale or disposal of property, plant and equipment, net	(6,076)	(4,373)
- Adjustments to related to fair value increase in investment properties	-	81,526
- Adjustments to related to valuation of investment securities	(171,061)	664,992
- Interest accrual	820	240
- Tax expense	113,411	11,080
	<u>254,900</u>	<u>403,484</u>
Movements in working capital		
Change in trade and other receivables	1,525	(38,233)
Change cost and estimated earnings in excess of billings on uncompleted contracts	4,351	4,128
Change in inventory	84,540	(65,244)
Change in other current assets and other non current assets	10,193	(33,927)
Change in trade and other payables	(138,272)	(85,055)
Change in billings in excess of cost and estimated earnings on uncompleted contracts	36,823	(72,647)
Change provision for liabilities and other liabilities	20,494	35,616
	<u>19,654</u>	<u>(255,362)</u>
Income taxes paid	(123,437)	(72,769)
Employee termination benefits paid	(4,089)	(343)
Net cash generated from operating activities	<u>147,028</u>	<u>75,010</u>
Cash flows from investing activities		
Purchases of financial investments	(648,489)	(1,148,853)
Sale of financial investments	749,291	596,424
Proceeds on disposal or sale of property, plant and equipment	11,275	14,225
Purchases of property, plant and equipment, intangible assets and investment properties	(42,580)	(41,931)
Interest received	25,612	35,611
Dividend received	9,514	15,228
Net cash used in investing activities	<u>104,623</u>	<u>(529,296)</u>
Cash flows from financing activities		
Addition to borrowings	51,633	24,105
Repayments of borrowings	(82,770)	(15,086)
Sale of treasury shares	493	456
Interest received	10,307	6,726
Interest paid	(653)	(2,764)
Dividend paid to non-controlling interests	(9,124)	-
Dividend paid	(112,442)	(273,218)
Net cash used in financing activities	<u>(142,556)</u>	<u>(259,781)</u>
Translation reserve	(44,095)	(54,556)
Net increase / (decrease) in cash and cash equivalents	<u>65,000</u>	<u>(768,623)</u>
Cash and cash equivalents at beginning of the period	1,026,291	2,061,707
Cash and cash equivalents at end of the period	<u>1,091,291</u>	<u>1,293,084</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 JUNE 2023

(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 June 2023, 8.89% of the shares of Enka İnşaat is traded publicly in İstanbul Stock Exchange (“ISE”).

As of 30 June 2023, the average numbers of white and blue-collar personnel are respectively 4,284 and 17,301 (31 December 2022 – 5,131 and 16,363).

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 Kenya and Libya in Africa; Saudi Arabia, Sri Lanka, India, Iraq and Mongolia 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, Italy and North Macedonia.

ENKA İNŞAAT VE SANAYİ A.Ş. AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

(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 Turkish Financial Reporting Standards (“TFRS”) as issued by the Public Oversight Accounting and Auditing Standards Authority (“POA”) 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 TFRS.

The condensed consolidated interim financial statements have been prepared in accordance with Turkish Financial Reporting Standards (“TFRS”) including requirements of TAS 34 “Interim Financial Reporting”. TAS consists of Turkish Accounting Standards, Turkish Financial Reporting Standards (“TFRS”) 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 16 August 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.

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 TAS 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 JUNE 2023

(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 June 2023, 31 December 2022 and 30 June 2022, the buying rates and average rates for one U.S. Dollar can be summarized as below:

	30 June 2023	31 December 2022	30 June 2022
U.S. Dollars/TL – as of balance sheet date	25.8231	18.6983	16.6614
U.S. Dollars/TL – yearly average	19.8612	16.5659	14.8517

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.

In the announcement dated 20 January 2022, made by POA, it was stated that there is no need to make any adjustments within the scope of TAS 29 Financial Reporting in High Inflation Economies in the financial statements of the companies applying TFRS for the year ended 31 December 2022. Since POA has not made a new announcement regarding the application of inflation accounting, no inflation adjustment has been made in accordance with TAS 29 while preparing the consolidated financial statements as of 30 June 2023.

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 JUNE 2023

(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 June 2023. 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

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(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, amendments, and interpretations that are issued but not effective as of 30 June 2023

TFRS 17 – Insurance Contracts

On 16 February 2019, Public Oversight Accounting and Auditing Standards Authority (POA) 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. TFRS 17 replaces TFRS 4, which was brought in as an interim Standard in 2004. TFRS 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. TFRS 17 solves the comparison problems created by TFRS 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. TFRS 17 has an effective date of 1 January 2024.

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

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

In December 2021, International Accounting Standards Board (IASB) issued Initial Application of IFRS 17 and IFRS 9—Comparative Information (Amendment to IFRS 17). Related changes were published by POA as Amendments to TFRS 17 on 31 December 2021.

The amendment is a transition option relating to comparative information about financial assets presented on initial application of TFRS 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. TFRS 17 incorporating the amendment is effective for annual reporting periods beginning on or after 1 January 2024.

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

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FOR THE PERIOD ENDED 30 JUNE 2023**

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

2.4 Standards, amendments, and interpretations that are issued but not effective as of 30 June 2023 (cont’d)

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

TFRS 4 has also been amended by POA within the amendments issued by IASB in order to reduce the impact of the differing effective dates of the new insurance contracts standard and TFRS 9. These amendments to TFRS 4 provide two optional solutions for insurers to reduce concerns about implementations: i) when applying TFRS 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 TFRS 9 and those that would have been reported under TAS 39; or ii) an optional temporary exemption from applying TFRS 9 for companies whose activities are predominantly connected with insurance before January 1, 2024. These companies will be permitted to continue to apply existing requirements for financial instruments in TAS 39.

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

Classification of Liabilities as Current or Non-current (Amendments to TAS 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 which are issued by POA on 12 March 2020 as amendments to TAS 1.

The amendments clarify one of the criteria in TAS 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.

After reconsidering certain aspects of the 2020 amendments; IASB has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period. Related amendment was published by POA as “TFRS 2023” on 3 January 2023.

This right may be subject to a company complying with conditions (covenants) specified in a loan arrangement. Additional disclosure is also required for non-current liabilities subject to future covenants. The amendments also clarify how an entity classifies a liability that can be settled in its own shares.

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

Lease Liability in a Sale and Leaseback – Amendments to TFRS 16 Leases

In September 2022, IASB issued Lease Liability in a Sale and Leaseback, which amends IFRS 16 Leases. Related amendment was published by POA as “TFRS 2023” on 3 January 2023. Amendments to TFRS 16 Leases impact how a seller-lessee accounts for variable lease payments that arise in a sale-and-leaseback transaction. The amendments introduce a new accounting model for variable payments and will require seller-lessees to reassess and potentially restate sale-and-leaseback transactions entered into since 2019.

The amendments confirm the following:

- On initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction.
- After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognises no gain or loss relating to the right of use it retains.

A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024, with earlier application permitted.

Under TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, a seller-lessee will need to apply the amendments retrospectively to sale-and-leaseback transactions entered into or after the date of initial application of TFRS 16. This means that it will need to identify and re-examine sale-and-leaseback transactions entered into since implementation of TFRS 16 in 2019, and potentially restate those that included variable lease payments.

The Group does not expect that application of these amendments to Amendments to TFRS 16 Leases will have significant impact on its consolidated financial statements.

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FOR THE PERIOD ENDED 30 JUNE 2023

(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, amendments, and interpretations that are issued but not effective as of 30 June 2023 (cont'd)

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

On 26 June 2023, The International Sustainability Standards Board (ISSB) has issued IFRS Sustainability Disclosure Standards (IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures* to create a global baseline of investor-focused sustainability reporting that local jurisdictions can build on.

The ISSB's first two standards are designed to be applied together, supporting companies to identify and report information that investors need for informed decision making – in other words, information that is expected to affect the assessments that investors make about companies' future cash flows.

To achieve this, the general standard provides a framework for companies to report on all relevant sustainability-related topics across the areas of governance, strategy, risk management, and metrics and targets.

The standards are effective from 1 January 2024, but it will be for individual jurisdictions to decide whether and when to adopt.

The Group does not expect that application of these amendments IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures will have significant impact on its consolidated financial statements.

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures – Supplier Finance Arrangements

On 25 May 2023, IASB has amended IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures*. The amendments introduce additional disclosure requirements for companies that enter into supplier finance arrangements (referred to as supply chain finance, payables finance or reverse factoring arrangements). However, they do not address the classification and presentation of the related liabilities and cash flows.

The IASB's amendments apply to supplier finance arrangements¹ that have all of the following characteristics.

- A finance provider pays amounts a company (the buyer) owes its suppliers.
- A company agrees to pay under the terms and conditions of the arrangements on the same date or at a later date than its suppliers are paid.
- The company is provided with extended payment terms or suppliers benefit from early payment terms, compared with the related invoice payment due date.

The amendments do not apply to arrangements for financing receivables or inventory.

The amendments introduce two new disclosure objectives – one in IAS 7 and another in IFRS 7 – for a company to provide information about its supplier finance arrangements that would enable users (investors) to assess the effects of these arrangements on the company's liabilities and cash flows, and the company's exposure to liquidity risk.

The amendments are effective for periods beginning on or after 1 January 2024, with early application permitted. However, some relief from providing certain information in the year of initial application is available.

The Group does not expect that application of these amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures – Supplier Finance Arrangements will have significant impact on its consolidated financial statements.

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

2.4 Standards, amendments, and interpretations that are issued but not effective as of 30 June 2023 (cont’d)

Amendments are effective on 1 January 2023

Changes that have become effective and have been adopted for annual periods beginning on or after 1 January 2023:

- 1- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to TAS 12 Income Taxes
- 2- Definition of Accounting Estimates (Amendments to TAS 8)
- 3- Disclosure of Accounting Policies (Amendments to TAS 1)

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 2022.

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

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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 June 2023						
	Construction contracts	Rental	Trade	Energy	Eliminations	Consolidated
Revenues	971,775	158,487	115,245	384,826	-	1,630,333
Inter-segment revenues	47,271	1,006	6,161	-	(54,438)	-
Cost of revenues (-)	(753,093)	(53,283)	(81,363)	(380,376)	-	(1,268,115)
Inter-segment cost of revenues (-)	(47,271)	(1,006)	(6,161)	-	54,438	-
Gross profit	218,682	105,204	33,882	4,450	-	362,218
Administrative expenses (-)	(72,929)	(7,239)	(5,037)	(5,961)	-	(91,166)
Marketing expenses (-)	(6,063)	(2,442)	(4,576)	-	-	(13,081)
Other operating income	33,370	7,280	9,156	6,380	-	56,186
Other operating expenses (-)	(32,304)	(2,162)	(1,763)	(4,433)	-	(40,662)
Profit from operations	140,756	100,641	31,662	436	-	273,495
Investment income	288,083	12	1,036	4,321	-	293,452
Investment expenses (-)	(128,407)	(630)	-	(33)	-	(129,070)
Profit from operations before financial income / (expenses)	300,432	100,023	32,698	4,724	-	437,877
Financial income	8,388	1,551	2,467	25,126	(63)	37,469
Financial expenses (-)	(12,649)	(9,594)	(13,427)	(334)	63	(35,941)
Profit / (loss) before tax	296,171	91,980	21,738	29,516	-	439,405
Current tax expense (-)	(61,022)	(16,649)	(7,130)	(8,093)	-	(92,894)
Deferred taxation income/ (expenses)	(16,970)	(3,019)	(36)	(492)	-	(20,517)
Profit / (loss) for the period from continuing operations	218,179	72,312	14,572	20,931	-	325,994
30 June 2023						
	Construction contracts	Rental	Trade	Energy		Consolidated
Segment assets	5,756,072	1,910,526	271,400	385,232		8,323,230
Total assets	5,756,072	1,910,526	271,400	385,232		8,323,230
Segment liabilities	1,258,957	395,597	149,938	49,081		1,853,573
Total liabilities	1,258,957	395,597	149,938	49,081		1,853,573
1 January - 30 June 2023						
Other segment information	Construction contracts	Rental	Trade	Energy		Consolidated
<u>Capital expenditures</u>						
Property, plant and equipment & investment property	21,101	790	294	19,908		42,093
Intangible assets	51	31	389	16		487
Total capital expenditures	21,152	821	683	19,924		42,580
Depreciation expense	25,375	1,026	1,059	6,653		34,113
Amortisation expense	1,698	10	61	14		1,783

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(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 April - 30 June 2023					
	Construction contracts	Rental	Trade	Energy	Eliminations	Consolidated
Revenues	493,697	77,474	71,595	59,997	-	702,763
Inter-segment revenues	17,415	681	4,552	-	(22,648)	-
Cost of revenues (-)	(385,185)	(24,847)	(49,031)	(62,702)	-	(521,765)
Inter-segment cost of revenues (-)	(17,415)	(681)	(4,552)	-	22,648	-
Gross profit	108,512	52,627	22,564	(2,705)	-	180,998
Administrative expenses (-)	(16,811)	(2,703)	(577)	(2,322)	-	(22,413)
Marketing expenses (-)	(2,565)	(1,233)	(2,969)	-	-	(6,767)
Other operating income	27,357	707	5,808	384	-	34,256
Other operating expenses (-)	(25,696)	(1,537)	(1,263)	(2,877)	-	(31,373)
Profit from operations	90,797	47,861	23,563	(7,520)	-	154,701
Investment income	55,446	(131)	295	4,312	-	59,922
Investment expenses (-)	(24,681)	(622)	-	21	-	(25,282)
Profit from operations before financial income / (expenses)	121,562	47,108	23,858	(3,187)	-	189,341
Financial income	5,301	521	1,519	19,428	(29)	26,740
Financial expenses (-)	(1,850)	402	(9,107)	(147)	29	(10,673)
Profit before tax	125,013	48,031	16,270	16,094	-	205,408
Current tax expense (-)	(48,464)	(6,498)	(5,848)	(3,029)	-	(63,839)
Deferred taxation income/ (expenses)	(24,603)	(1,174)	128	(1,217)	-	(26,866)
Profit for the period from continuing operations	51,946	40,359	10,550	11,848	-	114,703

	1 April - 30 June 2023					
	Construction contracts	Rental	Trade	Energy	Consolidated	
Other segment information						
<u>Capital expenditures</u>						
Property, plant and equipment & investment property	15,422	624	88	15,888		32,022
Intangible assets	7	-	240	-		247
Total capital expenditures	15,429	624	328	15,888		32,269
Depreciation expense	12,857	432	528	2,343		16,160
Amortisation	829	5	35	5		874

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4. SEGMENTAL INFORMATION (cont'd)

a) Business segments(cont'd)

1 January - 30 June 2022						
	Construction contracts	Rental	Trade	Energy	Eliminations	Consolidated
Revenues	830,066	168,688	106,992	513,317	-	1,619,063
Inter-segment revenues	19,693	-	2,970	-	(22,663)	-
Cost of revenues (-)	(616,075)	(56,621)	(79,686)	(460,683)	-	(1,213,065)
Inter-segment cost of revenues (-)	(19,693)	-	(2,970)	-	22,663	-
Gross profit	213,991	112,067	27,306	52,634	-	405,998
Administrative expenses (-)	(36,394)	(9,878)	(3,999)	(3,364)	-	(53,635)
Marketing expenses (-)	(3,240)	(2,059)	(3,825)	(1,690)	-	(10,814)
Other operating income	15,742	801	4,166	670	-	21,379
Other operating expenses (-)	(19,454)	(772)	(1,190)	(4,446)	-	(25,862)
Profit from operations	170,645	100,159	22,458	43,804	-	337,066
Investment income	149,651	17	-	177	-	149,845
Investment expenses (-)	(785,470)	(82,529)	-	(2)	-	(868,001)
Profit from operations before financial income / (expenses)	(465,174)	17,647	22,458	43,979	-	(381,090)
Financial income	34,499	3,742	146	48,572	(117)	86,842
Financial expenses (-)	(19,942)	(5,718)	(3,464)	(233)	117	(29,240)
Profit before tax	(450,617)	15,671	19,140	92,318	-	(323,488)
Current tax expense (-)	(31,780)	(19,099)	(3,680)	(34,770)	-	(89,329)
Deferred taxation income/ (expenses)	40,881	14,019	(437)	23,786	-	78,249
Profit for the period from continuing operations	(441,516)	10,591	15,023	81,334	-	(334,568)
31 December 2022						
	Construction contracts	Rental	Trade	Energy		Consolidated
Segment assets	5,743,684	2,111,489	240,332	485,032		8,580,537
Total assets	5,743,684	2,111,489	240,332	485,032		8,580,537
Segment liabilities	1,258,678	442,921	125,638	206,862		2,034,099
Total liabilities	1,258,678	442,921	125,638	206,862		2,034,099
1 January - 30 June 2022						
	Construction contracts	Rental	Trade	Energy		Consolidated
Other segment information						
<u>Capital expenditures</u>						
Property, plant and equipment & investment property	27,684	11,172	1,196	1,559		41,611
Intangible assets	100	38	179	3		320
Total capital expenditures	27,784	11,210	1,375	1,562		41,931
Depreciation expense	27,145	729	886	9,503		38,263
Amortisation expense	2,737	44	30	15		2,826

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4. SEGMENTAL INFORMATION (cont'd)

a) Business segments(cont'd)

	1 April - 30 June 2022					
	Construction contracts	Rental	Trade	Energy	Eliminations	Consolidated
Revenues	449,497	95,525	68,222	182,971	-	796,215
Inter-segment revenues	12,644	-	2,186	-	(14,830)	-
Cost of revenues (-)	(335,839)	(32,006)	(49,751)	(167,015)	-	(584,611)
Inter-segment cost of revenues (-)	(12,644)	-	(2,186)	-	14,830	-
Gross profit	113,658	63,519	18,471	15,956	-	211,604
Administrative expenses (-)	(25,860)	(3,918)	(597)	(1,166)	-	(31,541)
Marketing expenses (-)	(601)	(941)	(2,465)	-	-	(4,007)
Other operating income	12,008	630	1,798	512	-	14,948
Other operating expenses (-)	(13,105)	(553)	(463)	(1,482)	-	(15,603)
Profit from operations	86,100	58,737	16,744	13,820	-	175,401
Investment income	80,285	6	-	99	-	80,390
Investment expenses (-)	(523,673)	(80,051)	-	27	-	(603,697)
Profit from operations before financial income / (expenses)	(357,288)	(21,308)	16,744	13,946	-	(347,906)
Financial income	24,554	(307)	(628)	28,494	(56)	52,057
Financial expenses (-)	(13,896)	(3,035)	(2,877)	(145)	56	(19,897)
Profit before tax	(346,630)	(24,650)	13,239	42,295	-	(315,746)
Current tax expense (-)	(24,389)	(10,953)	(3,281)	(9,069)	-	(47,692)
Deferred taxation income/ (expenses)	26,989	14,681	101	22,983	-	64,754
Profit for the period from continuing operations	(344,030)	(20,922)	10,059	56,209	-	(298,684)

	1 April - 30 June 2022				
	Construction contracts	Rental	Trade	Energy	Consolidated
Other segment information					
<u>Capital expenditures</u>					
Property, plant and equipment & investment property	16,187	3,754	926	1,531	22,398
Intangible assets	19	15	108	-	142
Total capital expenditures	16,206	3,769	1,034	1,531	22,540
Depreciation expense	11,570	508	442	4,124	16,644
Amortisation expense	1,469	22	18	7	1,516

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

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4. SEGMENTAL INFORMATION (cont'd)

b) Geographical segments

1 January - 30 June 2023						
	Turkey	Russian Federation, Kazakhstan and Georgia	Europe	Other	Eliminations	Consolidated
Net sales	843,544	539,928	127,149	119,712	-	1,630,333
Inter-segment sales	53,432	1,006	-	-	(54,438)	-
Capital expenditures	33,383	6,655	1,120	1,422	-	42,580
30 June 2023						
	Turkey	Russian Federation, Kazakhstan and Georgia	Europe	Other	Eliminations	Consolidated
Segmental assets	4,738,100	2,713,896	614,025	257,209	-	8,323,230
1 April - 30 June 2023						
	Turkey	Russian Federation, Kazakhstan and Georgia	Europe	Other	Eliminations	Consolidated
Net sales	299,191	263,473	76,819	63,280	-	702,763
Inter-segment sales	21,967	681	-	-	(22,648)	-
Capital expenditures	24,062	6,447	415	1,345	-	32,269
1 January - 30 June 2022						
	Turkey	Russian Federation, Kazakhstan and Georgia	Europe	Other	Eliminations	Consolidated
Net sales	802,952	492,883	102,329	220,899	-	1,619,063
Inter-segment sales	22,663	-	-	-	(22,663)	-
Capital expenditures	15,934	18,123	5,468	2,406	-	41,931
31 December 2022						
	Turkey	Russian Federation, Kazakhstan and Georgia	Europe	Other	Eliminations	Consolidated
Segmental assets	4,969,278	2,884,150	465,952	261,157	-	8,580,537
1 April - 30 June 2022						
	Turkey	Russian Federation, Kazakhstan and Georgia	Europe	Other	Eliminations	Consolidated
Net sales	361,853	257,981	70,324	106,057	-	796,215
Inter-segment sales	14,830	-	-	-	(14,830)	-
Capital expenditures	10,460	9,499	2,464	117	-	22,540

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5. CONSTRUCTION CONTRACTS

The Group's construction contract details as of 30 June 2023 and 31 December 2022 is as follows:

	30 June 2023	31 December 2022
Costs incurred on uncompleted contracts	2,630,502	2,306,568
Recognized profit less recognized losses to date, net	879,237	741,934
	<u>3,509,739</u>	<u>3,048,502</u>
Less: Progress billing	(3,946,249)	(3,443,838)
	<u>(436,510)</u>	<u>(395,336)</u>
	30 June 2023	31 December 2022
Costs and estimated earnings in excess of billings on uncompleted contracts	23,904	28,255
Billings in excess of costs and estimated earnings on uncompleted contracts	(460,414)	(423,591)
	<u>(436,510)</u>	<u>(395,336)</u>

As of 30 June 2023, the amount of advances received of subsidiaries and companies shares in joint operations is USD 305,438 (31 December 2022: USD 314,850).

6. INVESTMENT PROPERTIES

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

	1 January - 30 June 2023	1 January - 31 December 2022
Opening balance	2,028,224	2,030,204
Currency translation difference	(198,438)	58,539
Change in fair value, net	-	(83,274)
Additions	239	-
Change in present value of lease obligations	-	22,755
Closing balance	<u>1,830,025</u>	<u>2,028,224</u>

7. PROPERTY, PLANT AND EQUIPMENT

During the period ended 30 June 2023 the Group purchased property plant and equipment amounting to USD 41,854 (30 June 2022: USD 28,860) and sold net book value of USD 5,419 (30 June 2022: USD 10,276) property plant and equipment. In addition, during the period ended 30 June 2023 depreciation amount is USD 34,113 (30 June 2022: USD 38,263), currency translation difference calculation is net USD (90,727) (30 June 2022: USD (79,934)).

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8. COMMITMENTS

Litigations

During the period ended 30 June 2023, 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 2022 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 June 2023 and 31 December 2022 is as follows:

Letters of guarantee, guarantee notes given, mortgage and pledges	30 June 2023		31 December 2022	
	Original Currency	USD Equivalent	Original Currency	USD Equivalent
A. Total amount of guarantees provided by the Company on behalf of itself		884,746		870,087
-USD	234,968	234,968	235,647	235,647
-EUR	290,336	316,543	258,055	275,121
-TL	1,364,166	52,827	929,292	49,699
-Others (*)		280,407		309,620
B. Total amount for guarantees provided on behalf of subsidiaries accounted under full consolidation method		50,126		92,105
-USD	4,221	4,221	4,354	4,354
-EUR	-	-	-	-
-TL	822	32	822	44
-Others (*)		45,873		87,707
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>934,872</u>		<u>962,192</u>

(*) U.S Dollar equivalents of letters of guarantee, guarantee notes given, mortgage and pledges other than USD, TL and EUR. As of 30 June 2023 the portion of other guarantess given to shareholders' equity is 0% (31 December 2022 - 0%).

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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 June 2023 and 31 December 2022 is as follows:

	30 June 2023		31 December 2022	
	Percentage of ownership	Amount	Percentage of ownership	Amount
Tara Holding A.Ş.	49.80%	1,370,476	49.80%	1,370,476
Vildan Gülçelik	7.99%	219,931	7.99%	219,931
Sevda Gülçelik	6.43%	176,951	6.43%	176,951
Enka Spor Eğitim ve Sosyal Yardım Vakfı	5.87%	161,540	5.87%	161,540
Other	29.91%	823,061	29.91%	823,061
	100%	2,751,959	100%	2,751,959
Purchase of treasury shares		(126,701)		(127,194)
		2,625,258		2,624,765

Based on the Group's Ordinary General Assembly held on 28 March 2023; regarding to the distribution of the year 2022 profit, it has been resolved to distribute dividend to its shareholders for each TL 1 (full TL) nominal valued share net in total TL 2,180,000 (2022 - TL 3,920,000); further it has been resolved to distribute TL 35,615 (2022 - TL 61,026) as cash dividend to founder shares. The Dividend decided to be distributed was distributed on 12 April 2023.

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11. INVESTMENT INCOME / EXPENSES

	1 January - 30 June 2023	1 January - 30 June 2022
Income from investing activities		
Interest income from financial investments	25,612	35,611
Increase in value of financial investments*	171,061	-
Foreign exchange income from investing activities	13,991	19,254
Income from sale of securities	67,183	75,315
Dividend income	9,514	15,228
Gains from sales of property, plant and equipment	6,091	4,437
	<u>293,452</u>	<u>149,845</u>
Expenses from investing activities		
	1 January - 30 June 2023	1 January - 30 June 2022
Decrease in the fair value of investment properties	-	(81,408)
Losses from valuation of investment securities*	-	(664,992)
Foreign exchange losses from investing activities	(2,820)	(96,663)
Losses from sale of securities	(126,235)	(24,874)
Loss from sales of property, plant and equipment	(15)	(64)
	<u>(129,070)</u>	<u>(868,001)</u>

*"Increase in value of financial investments" classified under Income from Investing Activities is the valuation profit resulting from valuation of Financial Investments amounting to USD 3,641,072 in the Group's balance sheet within the scope of IFRS 9. The breakdown of this valuation profit by financial assets is as follows.

	30 June 2023	30 June 2022
Financial assets at fair value through profit or loss		
Private sector bonds	158	(51,787)
Foreign Government bonds	53,700	(26,797)
Equity securities	111,413	(423,972)
Turkish Government bonds	22	(54,947)
Mutual funds	5,768	(107,489)
	<u>171,061</u>	<u>(664,992)</u>

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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 June 2023 and 31 December 2022:

	30 June 2023	31 December 2022
A. Assets denominated in foreign currency	1,132,357	1,031,849
B. Liabilities denominated in foreign currency	(473,932)	(517,706)
Net foreign currency position (A+B)	658,425	514,143

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

Foreign currency risk (cont'd)

The Group's foreign currency position at 30 June 2023 and 31 December 2022 is as follows (non-monetary items are not included in the table as they don't have foreign currency risk):

	30 June 2023						Total USD Equivalent
	TL	USD Equivalent	Euro	USD Equivalent	Other USD (*)	USD (**)	
Cash and cash equivalents	132,686	5,138	133,258	145,292	122,384	20,480	293,294
Financial investments	2,148,413	83,197	124,386	135,618	169,203	-	388,018
Trade and other receivables	68,772	2,663	57,708	62,919	88,024	6,330	159,936
Other current assets	299,311	11,591	53,875	58,740	91,691	78,774	240,796
Current assets	2,649,182	102,589	369,227	402,569	471,302	105,584	1,082,044
Financial investments	-	-	23,536	25,661	11,620	-	37,281
Trade and other receivables	-	-	8,763	9,555	-	-	9,555
Other non-current assets	35,746	1,384	10	11	2,079	3	3,477
Non-current assets	35,746	1,384	32,309	35,227	13,699	3	50,313
Total assets	2,684,928	103,973	401,536	437,796	485,001	105,587	1,132,357
Short-term borrowings	6,141	238	16,184	17,645	562	-	18,445
Trade and other payables	268,002	10,378	75,500	82,318	206,180	22,714	321,590
Other current liabilities and accrued expenses	734,527	28,445	819	893	69,633	18,044	117,015
Current liabilities	1,008,670	39,061	92,503	100,856	276,375	40,758	457,050
Trade and other payables	-	-	-	-	-	-	-
Long-term borrowings	-	-	-	-	15,067	30	15,097
Other non-current liabilities	-	-	-	-	-	1,785	1,785
Non-current liabilities	-	-	-	-	15,067	1,815	16,882
Total liabilities	1,008,670	39,061	92,503	100,856	291,442	42,573	473,932
Net foreign currency position	1,676,258	64,912	309,033	336,940	193,559	63,014	658,425
Net notional amount of derivatives	-	-	106,000	115,572	-	-	115,572

(*) 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.

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

Foreign currency risk (cont'd)

31 December 2022							
	TL	USD Equivalent	Euro	USD Equivalent	Other USD (*)	USD (**)	Total USD Equivalent
Cash and cash equivalents	395,193	21,135	72,891	77,709	114,886	18,838	232,568
Financial investments	2,229,569	119,239	148,456	158,269	203,482	-	480,990
Trade and other receivables	196,646	10,517	42,884	45,719	46,497	5,492	108,225
Other current assets	105,423	5,638	12,635	13,470	84,525	44,910	148,543
Current assets	2,926,831	156,529	276,866	295,167	449,390	69,240	970,326
Financial investments	-	-	34,043	36,293	11,010	-	47,303
Trade and other receivables	-	-	8,962	9,555	-	-	9,555
Other non-current assets	24,790	1,326	99	106	3,230	3	4,665
Non-current assets	24,790	1,326	43,104	45,954	14,240	3	61,523
Total assets	2,951,621	157,855	319,970	341,121	463,630	69,243	1,031,849
Short-term borrowings	-	-	42,222	45,013	562	-	45,575
Trade and other payables	211,782	11,326	82,149	87,579	225,674	16,300	340,879
Other current liabilities and accrued expenses	372,067	19,898	345	368	76,403	15,862	112,531
Current liabilities	583,849	31,224	124,716	132,960	302,639	32,162	498,985
Trade and other payables	-	-	-	-	-	-	-
Long-term borrowings	-	-	-	-	15,067	-	15,067
Other non-current liabilities	-	-	-	-	-	3,654	3,654
Non-current liabilities	-	-	-	-	15,067	3,654	18,721
Total liabilities	583,849	31,224	124,716	132,960	317,706	35,816	517,706
Net foreign currency position	2,367,772	126,631	195,254	208,161	145,924	33,427	514,143
Net notional amount of derivatives	-	-	100,000	106,610	-	-	106,610

(*) 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.

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

Foreign currency risk (cont'd)

	30 June 2023		31 December 2022	
	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)	6,491	(6,491)	12,663	(12,663)
2- Portion hedged against TL risk (-)	-	-	-	-
3- TL net effect (1+2)	6,491	(6,491)	12,663	(12,663)
<i>In the case of Euro gaining 10% value against US Dollar</i>				
4- Euro net asset / (liability)	33,694	(33,694)	20,816	(20,816)
5- Portion hedged against Euro risk (-)	11,557	(11,557)	10,661	(10,661)
6- Euro net effect (4+5)	45,251	(45,251)	31,477	(31,477)
<i>In the case of other foreign currencies gaining 10% value against US Dollar</i>				
7- Other foreign currency net asset / (liability)	19,356	(19,356)	14,592	(14,592)
8- Portion hedged against other foreign currency risk (-)	-	-	-	-
9- Other foreign currency net effect (7+8)	19,356	(19,356)	14,592	(14,592)
Total (3+6+9)	71,098	(71,098)	58,732	(58,732)

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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.

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

Fair value hierarchy (cont'd)

30 June 2023

	Level 1	Level 2	Level 3
Private sector bonds	311,044	-	-
Equity securities	976,401	12,583	8,210
Foreign government bonds	1,850,850	-	-
Turkish government bonds	297,943	-	-
Mutual funds	125,873	33,145	25,023
Financial assets at fair value through profit or loss	3,562,111	45,728	33,233
Derivative instruments	-	-	-
Financial liabilities at fair value through profit or loss	-	-	-

31 December 2022

	Level 1	Level 2	Level 3
Private sector bonds	407,551	-	-
Equity securities	1,031,717	9,279	8,016
Foreign government bonds	1,639,396	-	-
Turkish government bonds	300,405	-	-
Mutual funds	118,672	30,754	25,023
Financial assets at fair value through profit or loss	3,497,741	40,033	33,039
Derivative instruments	-	-	-
Financial liabilities at fair value through profit or loss	-	-	-

14. 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".