

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

Akfen Holding Anonim Şirketi and its Subsidiaries

**Consolidated financial statements as of and for the year
ended December 31, 2023 with the independent
auditor's report**



KPMG Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.
İş Kuleleri Kule 3 Kat:2-9
Levent 34330 İstanbul
Tel +90 212 316 6000
Fax +90 212 316 6060
www.kpmg.com.tr

CONVENIENCE TRANSLATION OF THE INDEPENDENT AUDITOR'S REPORT ORIGINALLY PREPARED AND ISSUED IN TURKISH TO ENGLISH

To the Shareholders of Akfen Holding Anonim Şirketi

A) Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Akfen Holding Anonim Şirketi ("the Company") and its subsidiaries (together will be referred to as "the Group"), which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statements of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Turkish Financial Reporting Standards ("TFRS").

Basis for Opinion

We conducted our audit in accordance with standards on auditing issued by Capital Markets Board of Turkey ("CMB") and Standards on Auditing which is a component of the Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA") ("Standards on Auditing issued by POA"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We declare that we are independent of the Group in accordance with the Code of Ethics for Auditors issued by POA (including *Independence Standards*) ("POA's Code of Ethics") and the ethical requirements in the regulations issued by POA that are relevant to audit of consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with the POA's Code of Ethics and regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



The key audit matter

Key audit matters are those that, to our professional knowledge, are of the most importance in an independent audit of the current period's consolidated financial statements. Key audit matters have been addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion on the consolidated financial statements, on which we do not express a separate opinion.

TFRS Comment 12- Service Concession Agreements

For details of accounting policies and significant accounting estimates and assumptions related to service concession agreements, see Note 2.2 and 10.

The key audit matter	How the matter was addressed in our audit
The Group has applied the TFRS Interpretation 12 financial asset model and defined a financial asset in its financial statements, taking into account the terms of the service concession agreement with the government. Financial assets related to concession agreements are accounted in the consolidated financial statements over their fair value. The contractual cash flows used in the determination of fair value vary due to the inflation rate and changes in foreign exchange rates. As of 31 December 2023, the total value of these financial assets is 27,187,566 thousand TRY, corresponding to 29% of the total assets. As of 31 December 2023, gains from changes in the fair value amounting to TRY 17,931,043 are recognized in financial statements as disclosed in Note 10. As of 31 December 2023, TFRS Interpretation 12 financial asset constitute a significant part of the Group's financial statements, and some of the inputs and calculations used in valuation methods are complex and the important estimates and assumptions included are sensitive to economic changes that may occur. For this reason, determining the "TFRS Interpretation 12 financial asset" has been considered as a key audit matter.	Our audit procedures for testing the matter included below: - The Service Concession Agreement was procured, and the terms of the said agreement were examined. - We evaluated of the appropriateness of the relevant calculation model in terms of contract terms and TFRS Interpretation 12. - We verified the mathematical accuracy of the calculation the TFRS Interpretation 12 financial asset model that defined a financial asset in its financial statements. - We evaluated the assumptions in TFRS Interpretation 12 financial asset model and verified (discount rate, inflation forecasts, exchange rate forecasts) with our external valuation specialist. - We assessed the adequacy of the disclosures according to "TFRS Interpretation 29 financial asset disclosures" in the notes to consolidated financial statements.



Financial Asset Valuation

For the details of accounting policies related to financial asset valuation of shares of Mersin International Liman İşletmeciliği Anonim Şirketi's and the significant accounting estimates and assumptions used, see Note 2.2 and 22.

The key audit matter	How the matter was addressed in our audit
The Group has classified the shares of Mersin Uluslararası Liman İşletmeciliği Anonim Şirketi ("MIP"), which is included in the accompanying consolidated financial statements, as financial investments and recorded at fair value (Note 22). As a result of the fair value calculation made as of 31 December 2023, the Group has reflected the MIP shares under the financial investments item to the accompanying consolidated financial statements with their fair value of TRY 9,177,300 thousand. In our audit work, we focus on this issue for the following reasons: MIP financial investment carried at fair value is important for the accompanying consolidated financial statements and the valuation requires expertise, In the valuation studies, the market approach method was used and similar companies Company Value, Interest, Depreciation and Profit Before Tax multipliers used in the valuation of MIP were used. The fair value was calculated by applying similar company multipliers to the 12-month EBITDA of MIP as of 31 December 2023. It has been considered as a key audit matter by us due to its materiality for the financial statements and the importance of the judgments used in calculating fair value.	Our audit procedures for testing the matter included below: -Our corporate finance experts were included to check the compatibility of the estimates and assumptions used in the valuation studies with the market data, to evaluate the acceptability of the applied methods and their compliance with the valuation methodology. - The compatibility of the valuation studies with the financial statements and the mathematical compatibility of the calculations used were checked. - Data obtained from external sources such as similar company multipliers and up-to-date transaction data used in the market approach method have been checked with the relevant independent data sources. In addition, the operational profitability and EBITDA trend analysis of the company in recent years has been made and the multiplier used has been evaluated. - In addition, the appropriateness and adequacy of the explanations in the financial notes of the consolidated financial statements, including the explanations on the basic estimates and assumptions regarding the valuation studies, within the scope of TFRS have been evaluated.



Revaluation of Power Plants

Refer to Notes 2.2 and 14 to details of accounting policies and significant accounting estimates and assumptions used for the revaluation of power plants.

The key audit matter	How the matter was addressed in our audit
The Group measures its power plants using the revaluation method in its consolidated financial statements. Therefore, the Group management makes various estimations and assumptions to determine the fair value of the power plants. The fair values of the power plants are determined by valuation reports prepared by independent valuation companies. The basic assumptions and estimations used in the valuations include the estimation and discounting of future cash flows prepared by considering the relevant risks. Valuation of power plants is considered as a key audit matter, because the valuation methods applied in power plant valuations include important estimates and assumptions and the carrying values of power plants are important for the consolidated financial statements.	We have performed the following audit procedures to be responsive to this area: Evaluation of the appropriateness of inputs and important assumptions such as price and production estimates and discount rate used in the valuation, which are used by independent valuation experts and the Group management during the valuation of the power plants and which constitute the basis for the revalued amounts of the power plants, Involving the corporate finance specialists in order to check the compatibility of the estimates and assumptions used in the valuation reports of the said power plants with the market data, to evaluate the acceptability of the applied methods and their compliance with the valuation methodology, In addition, evaluating the appropriateness and adequacy of the disclosures in the footnotes of the financial statements, including the explanations about the basic estimates and assumptions regarding the revaluation of power plants, within the scope of TFRSs.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with TFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.



Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Responsibilities of auditors in an audit are as follows:

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with standards on auditing issued by the CMB and Standards on Auditing issued by POA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the standards on auditing issued by the CMB and Standards on Auditing issued by POA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

B) Other Legal and Regulatory Requirements

1) Pursuant to the fourth paragraph of Article 402 of the TCC; no significant matter has come to our attention that causes us to believe that for the period between 1 January 2023 and 31 December 2023, the Company's bookkeeping activities and consolidated financial statements are not in compliance with TCC and provisions of the Company's articles of association in relation to financial reporting.

2) Pursuant to the fourth paragraph of Article 402 of the TCC; the Board of Directors provided us the necessary explanations and required documents in connection with the audit.

KPMG Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi



Hatice Nesrin Tuncer, SMMM

Partner

11 July 2024

İstanbul, Turkey

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Akfen Holding Anonim Şirketi

Consolidated financial statements for the year ended December 31, 2023

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

ASSETS		<u>Audited</u> <u>December 31,</u> <u>2023</u>	<u>Audited</u> <u>December 31,</u> <u>2022</u>
	<u>Footnote</u> <u>references</u>		
Current Assets			
Cash and cash equivalents	5	6,549,744	5,257,406
Short term financial investments	22	2,012,288	1,191,290
Trade receivables		948,825	359,327
-Trade receivables from related parties	7-32	150,819	44,181
-Trade receivables from third parties	7	798,006	315,146
Inventories	16	240,785	129,717
Other receivables		157,505	98,974
-Other receivables from related parties	8	161	44
-Other receivables from third parties	8	157,344	98,930
Financial assets related to concession agreements	10	2,992,521	2,998,134
Derivative instruments	12	281,429	253,922
Assets arising from customer contracts	9	33,678	-
Prepaid expenses	9	297,654	68,226
Current income tax assets	31	10,446	1,483
Other current assets	23	98,914	39,447
TOTAL CURRENT ASSETS		13,623,789	10,397,926
Non-Current Assets			
Financial investments	22	11,156,994	12,296,062
Trade receivables		3,483	26,782
-Trade receivables from related parties	7	807	-
-Trade receivables from third parties	7	2,676	26,782
Other receivables		439,638	751,457
-Other receivables from related parties	8-32	387,167	725,325
-Other receivables from third parties	8	52,471	26,132
Financial assets related to concession agreements	10	24,195,045	22,712,919
Assets arising from customer contracts	9	253,989	221,681
Investments accounted using the equity method	20	6,285,798	12,561,678
Derivative instruments	12	280,821	607,122
Investment property	11	2,769,682	3,652,661
Right of use assets	13	494,544	28,499
Property, plant and equipment	14	29,653,550	409,794
Intangible assets		2,853,123	456,569
- Goodwill	15	156,406	-
- Other intangible assets	15	2,696,717	456,569
Prepaid expenses	9	237,639	33,114
Deferred tax assets	31	2,179,839	2,870,323
Other non current assets	23	88,563	141,955
TOTAL NON-CURRENT ASSETS		80,892,708	56,770,616
TOTAL ASSETS		94,516,497	67,168,542

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

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

Akfen Holding Anonim Şirketi

Consolidated financial statements for the year ended December 31, 2023

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

	<i>Footnot references</i>	<i>Audited December 31, 2023</i>	<i>Audited December 31, 2022</i>
LIABILITIES			
Current Liabilities			
Short term borrowings	6	162,548	251,644
Short term portion of long-term borrowings	6	8,104,298	3,816,741
Trade payables		1,814,529	426,951
- Trade payables to related parties	7-32	14,474	18,730
- Trade payables to third parties	7	1,800,055	408,221
Employee benefit obligations		16,416	5,016
Other payables		148,114	121,812
- Other payables to related parties	8-32	-	60,294
- Other payables to third parties	8	148,114	61,518
Obligations arising from customer contracts	17	328,806	-
Deferred revenue		425,134	82,316
- Deferred revenue from related parties	17-32	67,249	28,527
- Deferred revenue from third parties	17	357,885	53,789
Income tax payable	31	25,552	1,941
Current provisions		82,762	85,176
- Provision for employee benefits	18	42,210	31,009
- Other short-term provisions	18	40,552	54,167
Other current liabilities	23	113,453	66,976
TOTAL CURRENT LIABILITIES		11,221,612	4,858,573
Non-Current Liabilities			
Long term borrowings	6	29,599,239	23,999,712
Trade payables		-	315
- Trade payables to related parties	7,32	-	315
Other payables		122,800	2,911,602
- Other payables to related parties	8-32	122,789	2,897,159
- Other payables to third parties	8	11	14,443
Obligations arising from customer contracts	17	501,724	467,920
Non-current provisions		75,383	31,072
- Provision for employee benefits	18	69,365	31,072
- Other non-current provisions	18	6,018	-
Deferred tax liabilities	31	4,246,991	653,882
TOTAL NON-CURRENT LIABILITIES		34,546,137	28,064,503
TOTAL LIABILITIES		45,767,749	32,923,076
EQUITY		48,748,748	34,245,466
Equity attributable to equity holders of the parent		41,867,323	34,219,216
Issued capital	24	910,000	910,000
Inflation adjustments on capital	24	3,010,745	3,010,745
Additional capital contributions of shareholders		-	47,726
Treasury shares (-)		(1,106,630)	(1,106,630)
Share premiums		174,131	166,600
Other accumulated comprehensive income that will not be reclassified to profit or (loss)		(542,522)	(648,294)
- Increases on revaluation of property, plant and equipment	24	185,733	27,536
- Gains on remeasurement of defined benefit plans		8,670	122
- Other losses on revaluation and remeasurement	24	(736,925)	(675,952)
Other accumulated comprehensive income that will be reclassified to (loss) or profit		(4,084,202)	(4,393,690)
- Currency translation difference	24	778,964	737,798
- Hedge reserve fund	24	(4,863,166)	(5,131,488)
Restricted reserves appropriated from profits	24	15,776,012	15,790,532
Other equity shares	24	(22,921)	-
Retained earnings		20,423,200	21,610,630
Net profit for the period		7,329,510	(1,168,403)
Non-controlling interests	24	6,881,425	26,250
TOTAL LIABILITIES AND EQUITY		94,516,497	67,168,542

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

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

Akfen Holding Anonim Şirketi

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended December 31, 2023

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

	<i>Footnote References</i>	<i><u>Audited</u> <u>January 1- December</u> <u>31, 2022</u></i>	<i><u>Audited</u> <u>January 1- December 31,</u> <u>2022</u></i>
PROFIT OR LOSS FROM CONTINUING OPERATIONS			
Revenue	25	7,093,877	1,894,946
Cost of sales (-)	25	(4,878,930)	(1,917,596)
GROSS PROFIT		2,214,947	(22,650)
General administrative expenses (-)	26	(783,824)	(406,806)
Marketing, selling and distribution expenses (-)	27	(15,254)	(13,207)
Other income from operating activities	28	21,496,671	10,167,282
Other expenses from operating activities (-)	28	(1,673,100)	(102,476)
Share of profit/(loss) from investments accounted using the equity method	20	664,127	(825,320)
OPERATING PROFIT FROM OPERATING ACTIVITIES		21,903,567	8,796,823
Income from investment activities	30	1,989,515	394,656
Expense from investment activities (-)	30	(414,274)	(1,967,669)
PROFIT BEFORE FINANCE INCOME/(LOSS)		23,478,808	7,223,810
Finance income	29	1,635,464	3,875,027
Finance expenses (-)	29	(15,076,648)	(10,599,679)
Monetary loss		(1,342,664)	(2,723,858)
PROFIT/(LOSS) BEFORE TAX		8,694,960	(2,224,700)
Tax income		44,403	1,061,314
Current period tax expense (-)	31	(71,287)	(12,313)
Deferred tax income	31	115,690	1,073,627
PROFIT/(LOSS) FOR THE PERIOD		8,739,363	(1,163,386)
PROFIT FOR THE PERIOD		8,739,363	(1,163,396)
Attributable to			
Non-controlling interests		1,409,853	5,017
Equity holders of the parent		7,329,510	(1,168,403)
Net profit for the period		8,739,363	(1,163,386)
Earnings per share			
Earnings per share (TRY in full)	33	8.05	(1.67)
Diluted earnings per share (TRY in full)	33	8.05	(1.67)

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

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

Akfen Holding Anonim Şirketi

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended December 31, 2023

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

		<u><i>Audited</i></u>	<u><i>Audited</i></u>
STATEMENT OF OTHER	<i>Footnote</i>	<u><i>December</i></u>	<u><i>December 31,</i></u>
COMPREHENSIVE INCOME/(EXPENSE)	<i>References</i>	<u><i>31, 2023</i></u>	<u><i>2023</i></u>
PROFIT FOR THE YEAR		8,739,363	(1,163,386)
Other comprehensive income that will not be reclassified to profit or loss		110,765	(648,294)
Gains on remeasurements of defined benefit plans		13,562	122
Other comprehensive income items that will not be reclassified as other profit or loss	24	(60,994)	(675,952)
Gains on revaluation of property, plant and equipment		158,197	27,536
Other comprehensive income/loss that will be reclassified to profit or loss		280,415	231,029
Exchange differences on translation	24	41,166	13,436
Other comprehensive loss related with cash flow hedges	24	239,249	217,593
OTHER COMPREHENSIVE INCOME		391,180	(417,265)
TOTAL COMPREHENSIVE INCOME		9,130,543	(1,580,651)
Total comprehensive income attributable to			
Non-controlling interests		1,413,886	5,017
Equity holders of the parent		7,716,657	(1,585,668)
Total comprehensive income		9,130,543	(1,580,651)

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

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

Akfen Holding Anonim Şirketi

Consolidated Statement of Changes in Equity for the year ended December 31, 2023

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

						Other comprehensive income and expenses accumulated that will be reclassified in profit or loss	Other accumulated comprehensive income and expenses that will not be reclassified in profit or loss				Retained earnings			
	Inflation Issued adjustments capital	Additional capital contributions of shareholders	Treasury shares	Share premiums	Currency translation differences	Losses on hedge	Other gains on revaluation and remeasurement	Gains on revaluation of property, plant and equipment	Gains on remeasurements of defined benefit plans	Restricted reserves appropriated from profits	Retained earnings profits	Net loss for the period	Non-controlling interests	Total Equity
						(5,349,081)					23,093,1			
Balances as of January 1, 2022	700,000	3,010,745	- (1,097,963)	166,600	724,362		-	-	-	15,610,845	44	35,544,873	35,544,875	32,185 35,577,058
Transfers	-	-	-	-	-	-	-	-	-	179,687	(1,493,466)	1,313,779	-	-
Total comprehensive income/(expense)	-	-	-	-	13,436	217,593	(675,952)	27,536	122	-	-	(1,168,403)	(1,585,668)	5,017 (1,580,651)
<i>Loss for the period</i>	-	-	-	-	-	-	-	-	-	-	-	(1,168,403)	(1,168,403)	5,017 (1,163,386)
<i>Other comprehensive income/(expense)</i>	-	-	-	-	13,436	217,593	(675,952)	27,536	122	-	-	-	(417,265)	(417,265)
Capital increase (*)	210,000	-	47,726	(8,667)	-	-	-	-	-	-	-	-	249,059	249,059
Other contributions of shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease due to other adjustments (**)	-	-	-	-	-	-	-	-	-	-	10,952	-	10,952	(10,952)
						(5,131,488)					21,610,6			
Balances as of December 31, 2022	910,000	3,010,745	47,726 (1,106,630)	166,600	737,798		(675,952)	27,536	122	15,790,532	30	(1,168,403)	34,219,216	26,250 34,245,466

(*) On December 29, 2022, a capital increase of TRY 210,000 has been made. The increased amount includes TRY 197,839 from cash capital advances previously provided by the Company's main shareholders, TRY 6,901 from cash debt previously provided by the Company's founding partner, and the remaining TRY 5,260, of which TRY 495 is committed by Akfen Turizm, an existing shareholder of the Company, and TRY 4,765 is committed by Akfen Holding, prior to registration.

(**) The impact arises from the capital increase in the amount of TRY 62,600, carried out pursuant to the general assembly resolution registered on August 2, 2022, of Hacettepe Teknokent Eği. ve Kli. Ar. Mer. Sağ.Ar-Ge Dan. Pro. San. Tic. A.Ş. ("Hacettepe Teknokent"). The entire increased amount has been paid by Akfen İnşaat Turizm ve Ticaret A.Ş. ("Akfen İnşaat"), resulting in Akfen İnşaat's ownership in Hacettepe Teknokent reaching 99.76% after the capital increase.

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

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

Akfen Holding Anonim Şirketi

Consolidated Statement of Changes in Equity for the year ended December 31, 2023

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

						Other comprehensive income and expenses accumulated that will be reclassified in profit or loss		Other accumulated comprehensive income and expenses that will not be reclassified in profit or loss					Retained earnings				
	Inflation Issued adjustments capital	on capital	Additional contributions of shareholders	Treasury shares	Share premiums	Currency translation differences	Losses on hedge	Other gains on revaluation and remeasurement	Gains on of property, plant and equipment	remeasurements of defined benefit plans	Restricted reserves appropriated from profits	Other equity shares	Retained earnings profits	Net profit for the period	Total	Non- controlling interests	Total Equity
Balances as of January 1, 2023	910,000	3,010,745	47,726	(1,106,630)	166,600	737,798	(5,131,488)	(675,952)	27,536	122	15,790,532	-21,610,630	(1,168,403)		34,219,216	26,250	34,245,466
Transfers	-	-	-	-	-	-	-	-	-	-	913	-	(1,169,316)	1,168,403	-	-	-
Total comprehensive income/(expense)	-	-	-	-	-	41,166	239,249	(60,973)	158,197	9,508	-	-	-	7,329,510	7,716,657	1,413,886	9,130,543
<i>Profit for the period</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	7,329,510	7,329,510	1,409,853	8,739,363
<i>Other comprehensive income/(expense)</i>	-	-	-	-	-	41,166	239,249	(60,973)	158,197	9,508	-	-	-	-	387,147	4,033	391,180
Subsidiary acquisition (Not 3)	-	-	-	-	-	-	29,073	-	-	(960)	-	-	(18,810)	-	9,303	59,346	68,649
Other contributions of shareholders	-	-	(47,726)	-	-	-	-	-	-	-	(15,433)	-	-	-	(63,159)	-	(63,159)
Transactions with non-controlling shareholders (Not 24)	-	-	-	-	-	-	-	-	-	-	-	(22,921)	-	-	(22,921)	-	(22,921)
Increase due to share repurchase transactions (*)	-	-	-	-	7,531	-	-	-	-	-	-	-	-	-	7,531	-	7,531
Increase/(decrease) through share-based payment transactions (Not 3)	-	-	-	-	-	-	-	-	-	-	-	-	696	-	696	5,381,943	5,382,639
Balances as of December 31, 2023	910,000	3,010,745	-	(1,106,629)	174,131	778,964	(4,863,166)	(736,925)	185,733	8,670	15,776,012	(22,921)	20,423,200	7,329,510	41,867,323	6,881,425	48,748,748

(*) This is related to the portion of the 30,000,000 nominal shares buyback conducted by Akfen Real Estate Investment Trust A.Ş., a subsidiary of the group, starting from April 27, 2023.

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

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

Akfen Holding Anonim Şirketi

Consolidated Cash Flow Statement for the year ended December 31, 2023

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

	<i>Footnote references</i>	<i>Audited December 31, 2023</i>	<i>Audited December 31, 2022</i>
A. Cash Flows from Operating Activities		5,067,264	6,179,903
Profit for the period		8,739,363	(1,163,386)
Adjustments to reconcile profit		(5,662,466)	3,135,599
Adjustments for depreciation and amortization	25-26	849,115	90,339
Adjustments for (gains)/losses on non-current assets		(29,053)	(685)
Adjustments for gains on disposal of investment properties	28	(29,053)	(685)
Adjustments for fair value gains		(18,782,919)	(10,600,114)
Adjustment for fair value gains of financial assets	28-30	(18,569,631)	(8,595,569)
Adjustment for fair value gains of investment properties	28	(208,417)	(378,335)
Adjustments for the fair value (gains)/losses of derivative financial instruments	29	(4,871)	(1,626,210)
Adjustments for dividend income	30	(293,211)	(269,155)
Adjustments for impairment		(1,627,864)	(19,417)
Adjustment for (reversal of impairment)/impairment on receivables	28	7,067	(19,417)
Adjustments for tangible asset impairment	28	(1,815,571)	-
Adjustments for intangible asset impairment	28	178,477	-
Other adjustments for impairments	28	2,163	-
Adjustments for provisions		158,410	98,818
Adjustments for provisions related with employee benefits		62,018	13,855
Adjustments for other provisions	28	96,392	84,963
Adjustments for the undistributed incomes of investments accounted using the equity method	20	(664,127)	825,320
Adjustments for unrealized foreign exchange		9,446,201	7,186,142
Adjustments for losses/(gains) arising from the disposal or change in shares of affiliates, joint ventures and financial investments	30	(592,614)	639,293
Adjustments for interest income and expenses	29	3,210,659	1,739,051
Adjustments for tax incomes	31	(44,403)	(1,061,314)
Adjustments for other items that cause cash flows from investing or financing activities	30	101,757	192,084
Other adjustment for profit/loss reconciliation		(591,607)	32,147
Adjustments for monetary gain/(loss)		3,197,190	4,283,090
Changes in working capital		(1,030,920)	983,454
Adjustments for increase in trade receivables		(357,576)	(233,280)
Adjustments for decrease/(increase) in other receivables related with operations		(14,758)	1,295,428
Adjustments for increase in trade payables		398,156	212,269
Adjustments for decrease in other payables from operations		(1,279,006)	(373,879)
Adjustments for increases/(decreases) in inventories	16	(32,195)	105,182
Adjustments for increases in assets arising from customer contracts		(65,986)	(71,506)
Adjustments for increases in obligations arising from customer contracts		362,610	77,146
Other adjustments for other decrease in working capital		(42,165)	(27,906)
Cash flows from operations		2,045,977	2,955,667
Tax payments		(29,429)	(5,950)
Payments related with provisions for employee benefits		(7,888)	(3,546)
Payments for other provisions		(42,206)	(148,142)
Other cash inflows	10	3,100,810	3,381,874

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

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

Akfen Holding Anonim Şirketi

Consolidated Cash Flow Statement for the year ended December 31, 2023

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

	<i>Footnote references</i>	<i>Audited December 31, 2023</i>	<i>Audited December 31, 2022</i>
B. Cash Flows Used in Investment Operations		(755,681)	(946,338)
Interest received		186,119	134,741
Dividends received	30	293,211	269,155
Cash outflows from the purchase of tangible and intangible assets	14-15	(204,420)	(88,888)
Proceeds from sales of tangible and intangible assets	14-15-30	9,009	2,533
Cash inflows from the sale of investment property	11-28	178,660	114,031
Cash inflows from sales that will result in loss of control of subsidiaries	3	725,933	-
Cash inflows from sales that do not result in loss of control of subsidiaries	3	4,813,766	-
Cash outflows on purchases to obtain control of subsidiaries	3	(4,644,190)	-
Cash outflows due to share purchase or capital increase of associates and/or joint ventures	3-20	(1,074,692)	(593,590)
Cash inflows caused by share sales or capital decrease of associates and/or joint ventures		-	801,870
Cash outflow from participation fee and other financial instruments		(1,039,077)	(1,586,190)
C. Cash Flows used in Financing Activities		(4,141,680)	(3,742,936)
Cash inflows from capital advances		-	249,059
Proceeds from borrowings	6	3,534,652	2,002,177
Repayments of borrowings	6	(4,786,728)	(4,308,886)
Cash outflows related to debt payments arising from lease agreements	6	(46,928)	-
Interest paid	6	(2,382,337)	(1,663,116)
Other cash outflows		(460,339)	(22,170)
Net increase/(decrease) in cash and cash equivalents before the effect of currency translation differences		169,903	1,490,629
Effect of foreign currency translation differences on cash and cash equivalents		2,142,785	508,043
Impact of monetary loss on cash and cash equivalents		(2,066,090)	(2,093,361)
Net increase/(decrease) in cash and cash equivalents		246,598	(94,689)
Cash and cash equivalents at the beginning of the period	5	5,255,831	5,350,520
Cash and cash equivalents at the end of the period	5	5,502,429	5,255,831

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

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at and For the Year ended December 31, 2023

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

1. ORGANIZATION AND NATURE OF OPERATIONS OF THE COMPANY

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

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

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

As of December 31, 2023, there are 17 subsidiaries directly owned by Akfen Holding (December 31, 2022: 12).. The company's direct subsidiaries are Akfen İnşaat Turizm ve Ticaret A.Ş. ("Akfen Construction"), Akfen Danışmanlık ve Proje Geliştirme A.Ş. ("Akfen Consultancy"), Akfen Turizm Yatırım ve İşletme A.Ş. ("Akfen Tourism"), Akfen Gayrimenkul Portföy Yönetimi A.Ş. ("Akfen GPYŞ"), Adana İpekyolu Enerji Üretim Tic. San. A.Ş. ("Adana Silk Road"), Akfen Enerji Gaz Santrali Yatırımları ve Ticaret A.Ş. ("Akfen Energy Gas"), Akfen Güneş Enerjisi Yatırım ve İşletme A.Ş. ("Akfen Solar Energy"), Temmuz Yatırım İnşaat A.Ş. ("Temmuz Investment"), Ağustos Yatırım İnşaat A.Ş. ("Ağustos Investment"), Kasım Yatırım İnşaat A.Ş. ("Kasım Investment"), Aralık Yatırım İnşaat A.Ş. ("Aralık Investment"), Akfen Yenilenebilir Enerji A.Ş. ("Akfen Renewable Energy"), Akfen Çevre ve Su Yatırım Yapım İşletme A.Ş. ("Akfen Water"), Zeki Grup İnşaat ("Zeki Construction"), Akfen Merter Gayrimenkul Turizm ve İnşaat A.Ş. ("Akfen Merter"), cak Yatırım İnşaat A.Ş. ("Ocak Investment"), and Şubat Yatırım İnşaat A.Ş. ("Şubat Investment"). All of Akfen Hastane Hizmetleri ve İşletmecilik A.Ş. ("Akfen Hospital")'s (formerly Akfen Rüzgar Enerjisi ve Ticaret A.Ş. ("Akfen Wind")) shares in Akfen Holding were transferred to Akfen Tourism on June 22, 2022, and as of this date, Akfen Tourism became the sole shareholder of Akfen Hospital, and Akfen Hospital became an indirect subsidiary of Akfen Holding. With the decision of Akfen Tourism and Akınısı Makina Sanayi ve Ticaret A.Ş. ("Akınısı") Board of Directors dated August 12, 2022, it has been decided that Akınısı, which owns the majority shares of the Company (99.99%), joins Akfen Tourism as a whole, without liquidation. As of August 22, 2022, the merger of Akfen Tourism and Akınısı was completed and Akınısı was dissolved without liquidation. On July 29, 2022, Temmuz Investment and Ağustos Investment, whose capital is wholly owned by Akfen Holding, were established. With the partial demerger transaction registered on July 4, 2022, the Koparan land owned by Akfen Construction was transferred to Ayır Gayrimenkul, which was the indirect subsidiary of Akfen Holding at that time, and the Tuluntaş land was transferred to Zeki İnşaat. Akfen Construction has put the aforementioned lands registered in its assets as capital in kind through partial demerger. The shares issued due to the lands taken over from Akfen Construction were given to Akfen Holding. As a result, as of December 31, 2022, Akfen Holding's share in Ayır Gayrimenkul is 99.97%, Akfen Construction's share is 0.03%, Akfen Holding's share in Zeki İnşaat is 89.14%, and Akfen Construction's share is 10.86% and Ayır Gayrimenkul and Zeki İnşaat became a direct subsidiary of Akfen Holding. It has been decided to transfer the shares of Ayır Gayrimenkul to Akfen Gayrimenkul Portföy Yönetimi A.Ş. Birinci Gayrimenkul Yatırım Fonu'na ("Fon"). The aforementioned transfer transaction was completed on January 13, 2023, and 342,198,000 Ayır Gayrimenkul shares belonging to Akfen Holding and 100,000 Ayır Gayrimenkul shares belonging to Akfen Construction were transferred to the Fon. Therefore, as of December 31, 2022, Ayır Gayrimenkul, a subsidiary of the Company, is not included in the Group assets as of December 31, 2023. On January 2, 2023, the Company transferred 50% of BİZ Madencilik A.Ş. (formerly BISS Savunma Sanayi A.Ş. "BİZ Mining")'s shares which it owns all shares to İlbak Madencilik San. Ve Tic. A.Ş. ("İlbak Mining") and Biz Mining, a subsidiary of the Company as of December 31, 2022, became a joint venture as of December 31, 2023. The Company completed the purchase of 50% shares of TASK Water B.V. in Akfen Water on January 5, 2023 and Akfen Water, the joint venture of the Company as of December 31, 2022, became a subsidiary as of December 31, 2023.

Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at and For the Year ended

December 31, 2023

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

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

The company acquired all the shares of EBRD and IFC in Akfen Renewable Energy on January 18, 2023 and became the 100% owner of the company and Akfen Renewable Energy, a joint venture of the Company as of December 31, 2022, became a subsidiary as of December 31, 2023. On March 2, 2023, the Capital Markets Board approved the public offering of Group B shares with a nominal value of TRY 340,370,703 owned by the Company in Akfen Renewable Energy. Group B shares with a nominal value of TRY 340,370,703 were offered for sale between March 8, 2023 and March 10, 2023, and Akfen Renewable Energy shares with a total nominal value of TRY 340,370,703 (33.5% of the capital) were offered to the public. As a result, as of December 31, 2023, Akfen Holding's share in Akfen Renewable Energy was 66.5%. Kasım Investment and Aralık Investment companies were established on March 14, 2023 and Ocak Investment and Şubat Investment companies were established on July 26, 2023. On September 30, 2023, the Company acquired 46.92% shares in Akfen Merter previously owned by Akfen İnşaat, increasing its ownership in Akfen Merter to 91.52%.

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

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

In addition, as of December 31, 2023 there are 54 (December 31, 2022: 7) indirect subsidiaries owned by Akfen Holding. The Company's indirect subsidiaries are, Isparta Şehir Hastanesi Yatırım İşletme A.Ş. ("Isparta City Hospital"), Eskişehir Şehir Hastanesi Yatırım İşletme A.Ş. ("Eskişehir City Hospital"), Tekirdağ Şehir Hastanesi Yatırım İşletme A.Ş. ("Tekirdağ City Hospital"), Hacettepe Teknokent Eği. ve Kli. Ar. Mer. Sağ. Ar-Ge Dan. Pro. San. Tic. A.Ş. ("HacettepeTeknokent"), Akfen Merter Gayrimenkul Turizm ve İnşaat A.Ş. ("Akfen Merter"), Haziran Yatırım İnşaat A.Ş. ("Haziran Investment"), Mayıs Yatırım İnşaat A.Ş. ("Mayıs Investment"), Akfen Hospital, Yedide Yedi Turizm Yatırımları A.Ş. ("Yedide Yedi"), Kadıköy Terminal Gayrimenkul Hizmetleri Ticaret A.Ş. ("Kadıköy Terminal") and became indirect subsidiaries with Akfen Renewable Energy share purchase which are Bt Bordo Elektrik Üretim Dağ. Paz. San. ve Tic. A.Ş. ("Bt Bordo"), Elen Enerji Üretimi San. Tic. A.Ş. ("Elen"), H.H.K Enerji Elektrik Üretim A.Ş. ("HHK"), Yeni Doruk Enerji Elektrik Üretim A.Ş. ("Yeni Doruk"), Ayna Enerji A.Ş. ("Ayna Energy"), Bahçe Enerji A.Ş. ("Bahçe Energy"), Bahçeli Enerji A.Ş. ("Bahçeli Energy"), Batıkent Enerji A.Ş. ("Batıkent Energy"), Beysukent Enerji A.Ş. ("Beysukent Energy"), Çekirdek Enerji A.Ş. ("Çekirdek Energy"), Cihangir Enerji A.Ş. ("Cihangir Energy"), Dalga Enerji A.Ş. ("Dalga Energy"), Devir Enerji A.Ş. ("Devir Energy"), Düzey Enerji A.Ş. ("Düzey Energy"), Farez Elektrik Üretim San.ve Tic. A.Ş. ("Farez Electric"), Gökada Elektrik Üretim Sanayi ve Tic. A.Ş. ("Gökada Electric"), Günova Elektrik Üretim San. ve Tic. A.Ş. ("Günova Electric"), Hazine Enerji A.Ş. ("Hazine Energy"), İota Güneş Enerji Elektrik Üretim ve TİC. A.Ş. ("İota Energy"), Jüpiter Enerji A.Ş. ("Jüpiter Energy"), Kızılay Enerji A.Ş. ("Kızılay Energy"), Komsun Enerji Tarım Hayvan. İnş. San. ve Tic. A.Ş. ("Komsun Energy"), Me-Se Enerji Elektrik Üretim Sanayi ve Tic. A.Ş. ("Me-Se Energy"), Mt Doğal Enerji Üretim A.Ş. ("Mt Energy"), Murel Elektrik Üretim San. ve Tic. A.Ş. ("Murel Electric"), Neptün Enerji A.Ş. ("Neptün Energy"), Omicron Güneş Enerjisi Elektrik Üretim ve Tic. A.Ş. ("Omicron Energy"), Plüton Enerji A.Ş. ("Plüton Energy"), Psi Güneş Enerjisi Elektrik Üretim ve Tic. A.Ş. ("Psi Energy"), Radon Elektrik Üretim Sanayi ve Ticaret A.Ş. ("Radon Electric"), Solentegre Enerji Yatırımları Tic. A.Ş. ("Solentegre Energy"), Uranüs Enerji A.Ş. ("Uranüs Energy"), Yaysun Elektrik Üretim Sanayi ve Tic. A.Ş. ("Yaysun Electric"), Yeşildere Elektrik Üretim A.Ş. ("Yeşildere Electric"), Yeşilvadi Elektrik Üretim A.Ş. ("Yeşilvadi Electric"), Zengen Enerji A.Ş. ("Zengen Energy"), Zincir Enerji A.Ş. ("Zincir Energy"), İmbat Enerji A.Ş. ("İmbat Energy"), Kanat Enerji A.Ş. ("Kanat Energy"), Pruva Enerji A.Ş. ("Pruva Energy"), Isider Enerji Ürt. Paz. İth. ve İhr. A.Ş. ("Isider Energy"), Korda Enerji Ürt. Paz. İth. ve İhr. A.Ş. ("Korda Energy"), Derbent Enerji Ürt. Paz. İth. ve İhr. A.Ş. ("Derbent Energy"), Kovancı Enerji Ürt. Paz. İth. ve İhr. A.Ş. ("Kovancı Energy"), Akfen Elektrik Toptan Satış A.Ş. ("Akfen Electricity Wholesale").

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Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at and For the Year ended

December 31, 2023

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

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

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

As of December 31, 2023, the Group manages partnerships with nationally and internationally reputed partners such as, Tepe İnşaat Sanayi A.Ş., ("Tepe Construction"), İlbak Mining, PSA International ("PSA"), Travelex Group and Global InfraCo SP NEUM SLU ("Global InfraCo"). The Group also has a framework agreement with ACCOR S.A., ("Accor"), one of the world's leading hotel chains, for hotel brands Novotel and Ibis, which will have additional hotels constructed in Turkey.

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

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

	December 31, 2023		December 31, 2022	
	Share	Share	Share	Sahiplik
	Amount	Amount	Amount	Oranı %
Pelin Akın Özalp	428,652	47.10	428,652	47.10
Selim Akın	428,652	47.10	428,652	47.10
Akfen Holding (*)	20,648	2.27	20,648	2.27
Hamdi Akın	29,902	3.29	29,902	3.29
Akfen Turizm	2,146	0.24	2,146	0.24
Paid-in capital (nominal)	910,000	100	910,000	100

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

Akfen Holding's legal residence address is as follows:

Koza Sokak No:22 Gaziosmanpaşa

06700 / Ankara-Türkiye

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

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

As of December 31, 2023, the number of employees of the Company and Company's joint ventures/financial investments is 71 (December 31, 2022: 60) and 5,520 (December 31, 2022: 4,544) respectively.

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Akfen Holding Anonim Şirketi

Notes to the Consolidated Financial Statements as at and For the Year ended

December 31, 2023

(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

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

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

i) Subsidiaries

Akfen Renewable Energy

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

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

On December 5, 2019, the capital of Akfen Renewable Energy was increased to TRY 959,410 with a premium, within this scope, a total of USD 12,078,804 was transferred to Akfen Renewable Energy by the EBRD and IFC, thus EBRD and IFC's shares were from 15,982% to 16.993%. While the share of Akfen Holding decreased from 68,036% to 66,134%. On February 17, 2020, Akfen Renewable Energy's capital was increased to TRY 1,016,032 at a premium, within this scope, US \$ 5,100,000 was transferred from the EBRD to Akfen Renewable Energy, thus Akfen Holding's share was 66.91%, EBRD's share was 17.10%, and IFC's share was 15.99%. Akfen Holding acquired all the shares of EBRD and IFC in Akfen Renewable Energy on January 18, 2023 and became the 100% owner of the company and Akfen Renewable Energy, a joint venture of the Company as of December 31, 2022, became a subsidiary as of December 31, 2023. On March 2, 2023, the Capital Markets Board approved the public offering of Group B shares with a nominal value of TRY 340,370,703 owned by the Company in Akfen Renewable Energy. Group B shares with a nominal value of TRY 340,370,703 were offered for sale between March 8, 2023 and March 10, 2023, and Akfen Renewable Energy shares with a total nominal value of TRY 340,370,703 (33.5% of the capital) were offered to the public. As a result, as of December 31, 2023, Akfen Holding's share in Akfen Renewable Energy was 66.5%.

HEPP Companies

As of December 31, 2023, the HEPP Companies have a total installed capacity of 228,7 MW with generation operations going on in 12 power plants.

As of December 31, 2023; Akfen Renewable Energy has 4 subsidiaries it owns directly and via companies within the same controlling structure under HEPP Companies, namely Bt Bordo Elektrik Üretim Dağıtım Pazarlama Sanayi ve Ticaret A.Ş. ("Bt Bordo"), Elen Enerji Üretimi Sanayi ve Ticaret A.Ş. ("Elen"), HHK Enerji Elektrik Üretim A.Ş. ("HHK") and Yeni Doruk Enerji Elektrik Üretim A.Ş. ("Yeni Doruk"). Kurtal Elektrik Üretim A.Ş., a subsidiary of Akfen Renewables. (7 MW Çiçekli HEPP) shares were transferred on December 28, 2022.

WPP Companies

As of December 31, 2023; Akfen Renewable Energy has 7 subsidiaries it owns directly and via companies within the same controlling structure under WPP Companies, namely, İmbat Enerji A.Ş., Kanat Enerji A.Ş., Pruva Enerji A.Ş., Derbent Enerji Üretim Paz.İth.ve İhr.A.Ş., Isider Enerji Üretim Paz.İth.ve İhr.A.Ş., Korda Enerji Üretim Paz.İth.ve İhr.A.Ş. and Kovancı Enerji Üretim Paz.İth.ve İhr.A.Ş.

As of December 31, 2023, a WPP project with a total installed power of 348.9 MW is in operation.

SPP Companies

As of December 31, 2022, SPP Companies continue to work on a portfolio of projects with a total installed power of 121.4 MW, consisting of 26 MW unlicensed and 95.4 MW licensed projects. In this context, there are 33 project companies, Akfen Renewable, excluding two of these companies (Me-Se Elektrik Üretim A.Ş. ("Me-Se") 80%, Solentegre Enerji Yatırımları Tic. A.Ş. (Solentegre)% 90) has 100% of the rest.

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

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(Amounts are expressed in thousand Turkish Liras ("000 TRY") at purchasing power as of December 31, 2023 to reflect the effects of inflation, unless otherwise stated.)

i) Subsidiaries (cont'd)

Akfen Renewable Energy (cont'd)

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

Akfen Construction

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

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

Currently, Akfen Construction's field of activity are hospital Public Private Partnership projects via its subsidiaries Isparta Şehir Hastanesi Yatırım İşletme A.Ş., Eskişehir Şehir Hastanesi Yatırım İşletme A.Ş., Tekirdağ Şehir Hastanesi Yatırım İşletme A.Ş. (currently, three hospitals built with a Public Private Partnership model with a total bed capacity of 2,316), the dormitory via Hacettepe Teknokent Eği. Kli. Ar. Mer. Sağ. Ar-Ge Dan. Pro San. Tic. A.Ş. (2,264 bed capacity Hacettepe Student Residence) and construction/commitment projects with Haziran Investment. The Joint Venture (Ordinary Partnership) was established by Akfen Construction and Dost İnşaat ve Proje Yönetimi A.Ş. with the ratio of 70%-30%, respectively, with the contract numbered 04301 dated March 27, 2023, which was signed by the Ankara 78th Notary Public. The Joint Venture (Ordinary Partnership) was established by Akfen İnşaat and Dost İnşaat ve Proje Yönetimi A.Ş. with the ratio of 55% to 45%, respectively, with the contract dated June 12, 2023 with the contract number 07976, which was signed by the Ankara 78th Notary Public. In addition, the Akfen Construction participated in the Renovation and Reconstruction tender of Sister of Mercy Hospital in Zagreb, Croatia, on 14 May, together with Dost Construction (with 60% Akfen Construction-40% Dost Construction partnership), and the offer was announced by the tender commission as the winning offer on August 3, 2022. As of 25 November 2022, following the completion of the necessary procedures, the project contract was signed and entered into force. The Company established a branch affiliated to Akfen İnşaat to carry out its Croatian business. Also Akfen İnşaat Bucharest branch was registered in Romania on June 8, 2023 for possible projects in Romania.

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

i) Subsidiaries (cont'd)

Akfen Tourism

Akfen Tourism coordinates the Group's potential tourism investments. In this context; It operates Bodrum Loft holiday village, Big Chefs and Timboo Restaurants in Ankara Bulvar Loft, İncek Loft Ters Köşe Restaurant and Catering, the canteens of Isparta, Eskişehir and Tekirdağ City Hospitals and rental income is also obtained from the hotel in Uludağ. It also provides catering services in Ankara. With the decision of Akfen Tourism and Akınısı Board of Directors dated August 12, 2022, it has been decided that Akınısı, which owns the majority shares of the Company (99.99%), joins Akfen Tourism as a whole, without liquidation. As of August 22, 2022, the merger of Akfen Tourism and Akınısı was completed and Akınısı was dissolved without liquidation. However, all of Akfen Hospital's shares in Akfen Holding were transferred to Akfen Tourism on June 22, 2022, and as of this date, Akfen Tourism has become the sole shareholder of Akfen Hospital. Yedide Yedi, was established on November 24, 2023, and Kadıköy Terminal was established on December 15, 2023 whose capital is wholly owned by Akfen Tourism.

Akfen GPYŞ

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

Akfen Water

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

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

Other

Among the subsidiaries of Akfen Holding, it was also established to develop an imported coal power plant in Adana-Yumurtalık with an electric power generation capacity of 615 MWm-600 MWe. Inactive Adana İpekyolu Enerji Üretim Tic. A.Ş., the inactive Akfen Enerji Gaz Santrali Yatırımları ve Ticaret A.Ş. and Akfen Güneş Enerjisi Yatırım ve İşletme A.Ş. companies.

In addition, as of December 31 2023, Akfen Danışmanlık, Zeki İnşaat, Temmuz Investment, Ağustos Investment, Kasım Investment, Aralık Investment, Ocak Investment and Şubat Investment companies are also included in the Group as subsidiaries.

ii) Joint Ventures and financial investments

Akfen GYO

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

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Akfen Holding Anonim Şirketi

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

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

Akfen REIT (cont'd)

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

On February 21, 2007, the shares of Akfen Gayrimenkul Ticareti ve İnşaat A.Ş. ("Akfen GT"), an associate of Akfen Holding, were transferred to Akfen REIT over their nominal value. The main field of business for Akfen GT is to make real estate-based investments, and establish and develop a real estate portfolio. Akfen GT, a 100% subsidiary of Akfen REIT, has a 286-room Merit Park Hotel operating in the Turkish Republic of Northern Cyprus (TRNC) in its portfolio. Pursuant to the decision of the Board of Directors of the Company dated April 13, 2023, a transfer agreement was signed between the Company and Merit Kıbrıs Turizm Ltd Company on April 13, 2023 regarding the transfer of the hotel, whose investment was completed in the TRNC and operated under the title of Merit Park Hotel & Casino. Since the most appropriate transfer of the hotel in question for the Company is to make the transaction in the form of a share transfer by turning Akfen GT, a subsidiary of the Company, into a special purpose company related to the hotel in question, Akfen GT will be made to have no activities or assets other than the hotel, and the transaction will be carried out by the Board of Directors of the Company after the valuation to be made in accordance with the conditions and principles of the realization of the conditions in the contract, the conditions and principles of obtaining all necessary legal permits and the CMB legislation. If approved, it will be transferred to the buyer with a variable price of 73.000.000 USD + Variable. In this context, as of August 28, 2023, the division of Akfen GT in such a way that only the hotel will remain within its structure has been completed, and the shares of Akfen Karaköy Real Estate Investments and Construction Joint Stock Company ("Akfen Karaköy"), which is 78.83% owned by Akfen GT, have been transferred to the newly established Akfen Güney Gayrimenkul İşletme Anonim Şirketi ("Akfen Güney") through a partial division. In addition, as a result of the aforementioned division process; Akfen GT is a company with 97.8% of YaroslavlInvest Limited Company ("YaroslavlInvest"), Samstroykom Limited Company ("Samstroykom") and KaliningradInvest Limited Company ("KaliningradInvest"), 96.17% of Volgastroykom Limited Company ("Volgastroykom"), which has an office investment in Russia, and Severnyi Avtovokzal Limited Company, which has a hotel investment in Moscow, where hotel investments in Russia are located and whose main fields of activity are to realize hotel and office projects in Russia ("Severnyi"), while the shares of these subsidiaries were transferred to the newly established Akfen Kuzey Gayrimenkul İşletme Anonim Şirketi ("Akfen Kuzey"). The main fields of activity of Akfen South and Akfen North, which were registered on August 28, 2023 and are 100% owned, are to invest in real estate, to create and develop a real estate portfolio. On May 31, 2011, Akfen REIT incorporated a subsidiary called Akfen Karaköy Gayrimenkul Yatırımları ve İnşaat A.Ş. ("Akfen Karaköy") in order to develop a hotel project in Karaköy, İstanbul. After the capital increase on May 18, 2018, the Group's direct and indirect ownership interest in Akfen Karaköy increased from 69.99% to 91.47%. As of February 16, 2023, 85.16% (7.25% of total shares) of 8.53% of Akfen Karaköy's shares owned by 3rd parties were taken over by Akfen GT, Akfen GT was taken over by Akfen GT as a set-off against its existing receivables from other shareholders of Akfen Karaköy together with interest accrued until the share transfer date, and 14.84% of the remaining shares (1.27% of total shares) were taken over by Akfen Holding. On May 2, 2023, the Company acquired 1.27% of Akfen Karaköy shares belonging to Akfen Holding, and with the said share transfer, Akfen Karaköy became a 100% subsidiary of the Company. As of December 31, 2023, Akfen REIT's direct and indirect ownership of Akfen Karaköy was 100% (December 31, 2022: 91.47%).

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

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

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

Akfen REIT (cont'd)

Akfen GYO has purchased 51% shares of Fıratcan İnş. Turz. Tic. A.Ş. ("Fıratcan Tourism") on March 31, 2021 for a consideration of TRY 58,375,000 (EUR 6,200,000). With this purchase, the Company, with reference to the Lease Agreement for Areas Containing Buildings signed between Fıratcan Tourism and TCDD on 5 July 2018; Söğütlüçeşme train station located in Kadıköy, Istanbul, has the right to carry out the work within the scope of the High Speed Train Station project, 2 years permit-license, 2 years construction period and 28 years operating lease. In this context, the Company has undertaken the Söğütlüçeşme High Speed Train Station Project to TCDD, and viaduct, train station, commercial area and parking lot will be built within the scope of the project. Within the scope of the project change on September 6, 2022, the contract was renewed and its term was extended until 2051. The remaining 49% of Fıratcan Turizm's shares were purchased on July 18, 2023. After the acquisition, Fıratcan Turizm became a 100% subsidiary of the Company. On September 15, 2022, Akfen REIT purchased a land of 22,197 square meters in Bodrum Yalıkavak, for which all licenses and permits are ready, and started the construction of the villa project planned to be sold on the land.

On September 15, 2022, Akfen REIT purchased a land of 22,197 square meters in Yalıkavak, Bodrum, for which all licenses and permits are ready, and started the construction of the villa project planned to be sold on the land.

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

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

Akfen Holding's share became 30.37% after Akfen REIT's dedicated, paid-in capital increase completed as of February 9, 2021. After the paid capital increase on August 20, 2021, Akfen Holding's share became 23.94%. On November 14, 2022, Akfen REIT shares (10% of the capital) owned by Akfen Holding with a nominal value of TRY 129,990,000 were sold at a price of TRY 3.70, within the scope of wholesale transactions. After the sale, Akfen Holding's share became 13.94% and Akfen REIT's actual free float ratio increased to 44.5%. In addition, the transaction to increase the issued capital of Akfen REIT from TRY 1,300,000,000 to TRY 3,900,000,000 with an increase of TRY 2,600,000,000 at a 200% consideration by paying all of it in cash was approved at the CMB's meeting dated December 7, 2023 and numbered 76/1684, and there was no change in Akfen Holding's ownership ratio after the aforementioned capital increase.

MIP

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

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

TAV Investment

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

Akfen Holding acquired its 21.68% share in TAV Investment Holding, Gazelle Yatçılık Gayrimenkul Turizm Otomotiv İç ve Dış Ticaret A.Ş. on May 29, 2019 for USD 500,000, based on the contract dated May 10, 2019. ("Gazelle Yatçılık") and the share transfer was notified to the company on June 12, 2019 for the transfer to be recorded in the share register. As of December 31, 2023 and 2022, since the transfer transaction has not been recorded in TAV Investment's share ledger, TAV Investment is accounted in the financial investments.

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

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

İDO ve MDO

The tender held by Istanbul Metropolitan Municipality ("İBB"), the former controlling shareholder of İDO, for the block selling of İDO on June 16, 2011 was awarded to Tepe Construction, Akfen Holding, Souter and Sera Gayrimenkul Yatırım ve İşletme A.Ş. Joint Venture Group, İDO carries passengers and vehicles under the name "Sea Bus and Fast Ferry Lines" on intracity and intercity sea routes. Having a modern fleet of 48 vessels (24 sea buses, 18 ferryboats, 5 fast ferries and 1 service ships), İDO carries passengers and vehicles in Marmara Sea on a total of 16 lines. As of December 31, 2023, sea buses, fast ferries and ferryboats have a total capacity of 31.377 passengers in summer season and 26.898 passengers in winter season while presenting a vehicle capacity of 1.964 in both seasons.

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

Acacia Maden

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

On July 22, 2022, Akfen Holding's shares in Acacia, constituting 4.5% of Acacia's total capital, were transferred to BMA Madencilik San. ve Tic. A.Ş. ("BMA Mining") (formerly; Bacacı Uluslararası Ticaret Yatırımları ve Yönetim A.Ş.). On March 31, 2023, the Company purchased 20% of Acacia Mine's shares from İzbir Mine, and its ownership rate increased to 45.5%. On November 24, 2023, 3% of the shares were transferred to BMA Mining, and as of December 31, 2023, the ownership rate is 42.5%.

Travellex

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

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2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation of Financial Statements

Declaration of conformity

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

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

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

Going concern

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

Principles of measurement

These consolidated financial statements are prepared on a historical cost basis, adjusted for the effects of inflation on the Turkish Lira at the reporting date, excluding monetary assets and liabilities and assets and liabilities measured at fair value, in accordance with Turkish Accounting Standard ("TAS") 29 "Financial Reporting in Hyperinflationary Economies".

As of 1 January 2022, within the scope of TAS 29, the amount of "Retained Earnings" without inflation adjustment is TRY 3.244.658, and the amount of "Previous Year Losses" after inflation adjustment is TRY 8.531.788. The amount of "Previous Year Losses" dated 1 January 2022 is TRY 23.093.144 as brought to the purchasing power of 31 December 2023.

Financial Reporting in Hyperinflationary Economies

With the "Announcement on the implementation of TAS 29 Financial Reporting in Economies with High Inflation and FRS for LMSE Chapter 25 Financial Reporting in Economies with High Inflation" made on 23 November 2023 by POA, the financial statements of the enterprises applying TFRS for the reporting periods ending on or after 31 December 2023 will be subject to "Turkish Accounting Standard 29 Financial Reporting in High Inflation Economies" standard. In accordance with the CMB's decision dated 28 December 2023 and numbered 81/1820, CMB decided that issuers and capital market institutions subject to financial reporting regulations applying Turkish Accounting/Financial Reporting Standards will apply inflation accounting comply with the provisions of TAS 29. The implementation will start with the annual financial reports for the accounting periods ending as of 31 December 2023.

As a result, the financial statements of enterprises whose functional currency is TRY are adjusted in accordance with TAS 29 according to the changes in the general purchasing power of the Turkish Lira as of December 31, 2023. The correction is calculated with the consumer price index correction coefficients published by Turkish Statistical Institute, derived from Turkey in general.

The indices and adjustment coefficients for the last three years used in the restatement of consolidated financial statements are as follows:

Date	Index	Conversion factor
December 31, 2023	1.859,38	1,000
December 31, 2022	1.128,45	1,648
December 31, 2021	686,95	2,707

In accordance with the POA's "Implementation Guide on Financial Reporting in Economies with High Inflation", the financial statements dated 1 January 2021, which are the opening amounts of the comparative financial table for the consolidated financial statements of the enterprises ending on 31 December 2023, are accepted as the opening statement of financial position.

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

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

Principles of measurement (cont'd)

TFRS requires that the financial statements of an entity whose functional currency is hyperinflationary, whether prepared according to the historical cost or current cost approach, be restated in accordance with the requirements of TAS 29 and applied retrospectively, assuming that there has always been high inflation in the economy in which the currency is located. The basic principle in TAS 29 is that the financial statements of an entity reporting in the currency of a hyperinflationary economy must be reported in the measurement unit current at the reporting date. Comparative figures for the previous period are rearranged to the same current unit of measurement.

The main procedures applied for the restatements mentioned above are as follows:

- Monetary assets and liabilities that are carried at amounts current at the reporting date are not restated because they are already expressed in terms of the monetary unit current at the reporting date.
- Non-monetary assets and liabilities that are not carried at amounts current at the balance sheet date, and components of shareholders' equity are restated by applying the relevant conversion factors from the date of the transaction or, if applicable, from the date of their most recent revaluation to the reporting date.
- Property, plant and equipment are restated by applying the change in the index from the date of the transaction or, if applicable, from the date of their most recent revaluation to the reporting date. Depreciation is based on the restated amounts.
- All items in the income statement except for the depreciation charges explained above and deferred tax charges, are restated by applying the monthly conversion factors of the transactions to the reporting date.
- The effects of inflation on the net monetary positions of the Company, is included in the profit or loss statement as "monetary gain / (loss)".
- All items in the cash flow statement are expressed in terms of the measuring unit current at the reporting date; and all items in the statement of cash flows are, therefore, restated by applying the relevant conversion factors from the date on which the transaction originated.
- All amounts for comparative periods have been rearranged by applying the index change from the relevant comparative period to 31 December 2023.

In a reporting period in which the Group determines that the functional currency is the currency of a hyperinflationary economy and there was no hyperinflation in the previous period, the Group applies the requirements of TAS 29 as if the economy had always been hyperinflation. Therefore, in respect of non-monetary items measured at historical cost, the opening statement of financial position at the beginning of the earliest period presented in the Group's consolidated financial statements should be restated to reflect the effects of inflation from the date on which assets were acquired and from the date on which liabilities were recognized or assumed. For non-monetary items shown at their current amounts in the opening statement of financial position, this adjustment should reflect the effect of inflation from the date their current values were determined to the end of the reporting period.

The Group applied TAS 29 in the opening statement of financial position dated 1 January 2021 and rearranged the relevant amounts to reflect the effect of inflation from the date the assets were acquired and liabilities and equity were assumed, excluding retained earnings/losses, until the end of the reporting period.

Applicable currency and reporting currency

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

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

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

Applicable currency and reporting currency (cont'd)

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

<u>Company</u>	<u>Functional Currency</u>
Akfen REIT	TRY
Akfen Renewable ⁽¹⁾	TRY
Akfen Water ⁽²⁾	TRY
MDO	TRY
Akfen Construction	TRY
Akfen Consultancy	TRY
Akfen Tourism	TRY
Akfen GPYŞ	TRY
Acacia Mine	US Dollar

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

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

Principles for consolidation

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

Subsidiaries and joint ventures are consolidated using the following methods:

Subsidiaries

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

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

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

	December 31, 2023	December 31, 2023	December 31, 2022	December 31, 2022	
	Shareholding rate(%)	Voting rights	Shareholding rate(%)	Voting rights	Main Operations
Direct subsidiaries					
Adana İpekyolu	99,96	99,96	99,96	99,96	Inactive
Akfen Energy Gas	100	100	100	100	Inactive
Akfen Solar Energy	100	100	100	100	Inactive
Akfen Construction	100	100	100	100	Construction
Akfen Consultancy	100	100	100	100	Consultancy services
Akfen Tourism	100	100	100	100	Tourism/Restaurant administration
Akfen GPYŞ	100	100	100	100	Real estate portfolio management
Temmuz Investment	100	100	100	100	Inactive
Ağustos Investment	100	100	100	100	Inactive
Zeki İnşaat (*)	100	100	100	100	Inactive
Akfen Renewable Energy ⁽¹⁾	66,5	66,5	66,91	66,91	Energy
Akfen Water ⁽²⁾	100	100	50	50	Solid waste services
Kasım Investment ⁽³⁾	100	100	-	-	Inactive
Aralık Investment ⁽³⁾	100	100	-	-	Inactive
BİZ Mining ⁽⁴⁾	50	50	100	100	Inactive
Ayrı Gayrimenkul ⁽⁵⁾	-	-	100	100	Inactive
Ocak Investment ⁽⁶⁾	100	100	-	-	Inactive
Şubat Investment ⁽⁶⁾	100	100	-	-	Inactive
Akfen Merter ⁽⁷⁾	91,52	91,52	91,52	91,52	Real estate
Indirect subsidiaries					
Isparta City Hospital ⁽⁸⁾	99,88	99,88	99,88	99,88	City hospital
Eskişehir City Hospital ⁽⁸⁾	100	100	100	100	City hospital
Tekirdağ Şehir Hospitalsi ⁽⁸⁾	100	100	100	100	City hospital
Hacettepe Teknokent ⁽⁸⁾	99,76	99,76	99,76	99,76	Dormitory management
Haziran Investment ⁽⁸⁾	100	100	100	100	Inactive
Mayıs Investment ⁽³⁾⁽⁸⁾	100	100	-	-	Inactive
Akfen Hospital ⁽⁹⁾	100	100	100	100	City hospital services
Yedide Yedi ⁽¹⁰⁾	100	100	-	-	Tourism
Kadıköy Terminal ⁽¹¹⁾	100	100	-	-	Tourism
Bt Bordo ⁽¹²⁾	100	100	-	-	Energy-HEPP
Elen ⁽¹²⁾	100	100	-	-	Energy-HEPP
H.H.K ⁽¹²⁾	100	100	-	-	Energy-HEPP
Yeni Doruk ⁽¹²⁾	100	100	-	-	Energy-HEPP
Ayna Energy ⁽¹²⁾	100	100	-	-	Energy-SPP
Bahçe Energy ⁽¹²⁾	100	100	-	-	Energy-SPP
Bahçeli Energy ⁽¹²⁾	100	100	-	-	Energy-SPP
Batıkent Energy ⁽¹²⁾	100	100	-	-	Energy-SPP
Beysukent Energy ⁽¹²⁾	100	100	-	-	Energy-SPP
Çekirdek Energy ⁽¹²⁾	100	100	-	-	Energy-SPP
Cihangir Energy ⁽¹²⁾	100	100	-	-	Energy-SPP
Dalga Energy ⁽¹²⁾	100	100	-	-	Energy-SPP
Devir Energy ⁽¹²⁾	100	100	-	-	Energy-SPP
Düzey Energy ⁽¹²⁾	100	100	-	-	Energy-SPP
Farez Electric ⁽¹²⁾	100	100	-	-	Energy-SPP
Gökada Electric ⁽¹²⁾	100	100	-	-	Energy-SPP
Günova Electric ⁽¹²⁾	100	100	-	-	Energy-SPP
Hazine Energy ⁽¹²⁾	100	100	-	-	Energy-SPP
İota Energy ⁽¹²⁾	100	100	-	-	Energy-SPP
Jüpiter Energy ⁽¹²⁾	100	100	-	-	Energy-SPP
Kızılay Energy ⁽¹²⁾	100	100	-	-	Energy-SPP
Komsun Energy ⁽¹²⁾	100	100	-	-	Energy-SPP
Me-Se Energy ⁽¹²⁾	80	80	-	-	Energy-SPP
Mt Energy ⁽¹²⁾	100	100	-	-	Energy-SPP
Murel Electric ⁽¹²⁾	100	100	-	-	Energy-SPP
Neptün Energy ⁽¹²⁾	100	100	-	-	Energy-SPP

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

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

Subsidiaries (cont'd)

	December 31, 2023	December 31, 2023	December 31, 2022	December 31, 2022	
	Shareholding rate(%)	Voting rights	Shareholding rate(%)	Voting rights	Main Operations
Indirect subsidiaries					
Omicron Energy ⁽¹²⁾	100	100	-	-	Energy-SPP
Plüton Energy ⁽¹²⁾	100	100	-	-	Energy-SPP
Psi Energy ⁽¹²⁾	100	100	-	-	Energy-SPP
Radon Electric ⁽¹²⁾	100	100	-	-	Energy-SPP
Solentegre Energy ⁽¹²⁾	90	90	-	-	Energy-SPP
Uranüs Energy ⁽¹²⁾	100	100	-	-	Energy-SPP
Yaysun Electric ⁽¹²⁾	100	100	-	-	Energy-SPP
Yeşildere Electric ⁽¹²⁾	100	100	-	-	Energy-SPP
Yeşilvadi Electric ⁽¹²⁾	100	100	-	-	Energy-SPP
Zengen Energy ⁽¹²⁾	100	100	-	-	Energy-SPP
Zincir Energy ⁽¹²⁾	100	100	-	-	Energy-SPP
İmbat Energy ⁽¹²⁾	100	100	-	-	Energy-WPP
Kanat Energy ⁽¹²⁾	100	100	-	-	Energy-WPP
Pruva Energy ⁽¹²⁾	100	100	-	-	Energy-WPP
İsder Energy ⁽¹²⁾	100	100	-	-	Energy-WPP
Korda Energy ⁽¹²⁾	100	100	-	-	Energy-WPP
Derbent Energy ⁽¹²⁾	100	100	-	-	Energy-WPP
Kovancı Energy ⁽¹²⁾	100	100	-	-	Energy-WPP
Akfen Electric Wholesale ⁽¹²⁾	100	100	-	-	Energy-Wholesale

⁽¹⁾ The company acquired all the shares of EBRD and IFC in Akfen Renewable Energy on January 18, 2023 and became the 100% owner of the company. The Capital Markets Board approved the public offering of the B group shares with a nominal value of TRY 340,370,703 owned by Akfen Renewable Energy in the company's capital on March 2, 2023. The B group shares with a nominal value of TRY 340,370,703 have been offered for sale between March 8, 2023 and March 10, 2023, and Akfen Renewable Energy's total shares with a nominal value of TRY 340,370,703 (capital ratio of 33.5%) have been publicly offered. As a result, as of December 31, 2023, Akfen Holding's share in Akfen Renewable Energy is 66.5%. Therefore, as of December 31, 2022, Akfen Renewable, which was the Company's business partnership, became a subsidiary as of December 31, 2023.

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

⁽³⁾ It was established on March 14, 2023.

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

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

⁽⁶⁾ It was established on July 26, 2023.

⁽⁷⁾ On September 30, 2023, the Company acquired 46.92% of Akfen Merter's shares owned by Akfen Construction.

⁽⁸⁾ It is a subsidiary of Akfen Construction.

⁽⁹⁾ All of Akfen Hospital's shares in Akfen Holding were transferred to Akfen Tourism on June 22, 2022, and as of this date, Akfen Tourism has become the sole shareholder of Akfen Hospital and Akfen Hospital has become an indirect subsidiary of Akfen Holding.

⁽¹⁰⁾ It was established on November 23, 2023.

⁽¹¹⁾ It was established on December 15, 2023.

⁽¹²⁾ It is a subsidiary of Akfen Renewable Energy. Akfen Renewable Energy became an indirect subsidiary of the Company with the share purchase made on January 18, 2023.

^(*) As of December 31, 2022, 10.86% of the shares belong to Akfen Construction. On September 30, 2023, the Company also took over 10.86% of the shares of Zeki İnşaat owned by Akfen Construction.

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

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

Joint agreements and financial investments

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

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

	December 31, 2023		December 31, 2022		
	Sharehold ing rate (%)	Voting rights (%)	Sharehold ing rate (%)	Voting rights (%)	Main Operations
Financial investment⁽¹⁾					
MIP	10	10	10	10	Port management
TAV Yatırım	21,68	21,68	21,68	21,68	Construction and parking management
Travelex	10	10	10	10	Currency trading activity
Tepe Akfen Reformer	26	26	26	26	Inactive
Joint ventures					
Akfen Water ⁽²⁾	-	-	50	50	Solid waste services
MDO	-	-	66,91	66,91	Energy
Acacia Mine ⁽⁴⁾	50	50	50	50	Sea bus transportation
	42,5	42,5	25,5	25,5	Mine
Akfen REIT	13,94	13,94	13,94	13,94	Real estate investment/Tourism
Biz Mining ⁽⁵⁾	50	50	100	100	Inactive

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

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

⁽³⁾ The company acquired all the shares of EBRD and IFC in Akfen Renewable Energy on January 18, 2023 and became the 100% owner of the company. The Capital Markets Board approved the public offering of the B group shares with a nominal value of TRY 340,370,703 owned by Akfen Renewable Energy in the company's capital on March 2, 2023. The B group shares with a nominal value of TRY 340,370,703 have been offered for sale between March 8, 2023 and March 10, 2023, and Akfen Renewable Energy's total shares with a nominal value of TRY 340,370,703 (capital ratio of 33.5%) have been publicly offered. As a result, as of December 31, 2023, Akfen Holding's share in Akfen Renewable Energy is 66.5%. Therefore, Akfen Renewable Energy, a joint venture of the Company as of December 31, 2022, became a subsidiary as of December 31, 2023. As of December 31, 2022 decisions regarding transactions that significantly affect the activities of companies are taken jointly by Akfen Holding and other partners. Therefore, these companies are accounted for as investments valued using the equity method as of December 31, 2022.

⁽⁴⁾ After the share sale on July 22, 2022, the ownership rate of Acacia Mine decreased from 30% to 25.5%. On March 31, 2023, the Company purchased 20% of Acacia Mine's shares from İzbir Mine and the ownership rate increased to 45.5%. On November 24, 2023, the 3% ownership shares were transferred to BMA Mining, and as of December 31, 2023, the ownership percentage is 42.5%.

⁽⁵⁾ On January 2, 2023, the Company transferred 50% of Biz Mining's shares which it owns all shares to İlbak Mining. Therefore, Biz Mining, a subsidiary of the Company as of December 31, 2022, became a joint venture as of December 31, 2023.

Combinations of businesses under joint control

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

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

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

Adjustment transactions in consolidation

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

Business combinations for purchasing from third persons

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

Foreign currency

Foreign currency transactions

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

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

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

Foreign operations

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

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

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

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

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

2.1 Summary of Significant Accounting Policies

Inventories

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

Tangible fixed assets

Accounting and measurement

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

The Group has obtained a valuation report for the power plants from an independent valuation firm authorized by the CMB on 31 December 2022 and has taken the fair values determined in its working as a basis. The discount rate used to calculate the discounted cash flows included in the valuations and impairment calculations of power plants is 10,6%, which is the after-tax Weighted Average Cost of Capital (WACOC).

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

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

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

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

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

Subsequent expenses

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

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

2.2 Summary of Significant Accounting Policies (cont'd)

Tangible fixed assets (cont'd)

Depreciation

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

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

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

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

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

Intangible fixed assets

Licenses and other intangible fixed assets

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

Subsequent expenditures

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

Amortization

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

Goodwill

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

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

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

An impairment loss recognized for goodwill is not reversed.

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

2.2 Summary of Significant Accounting Policies (cont'd)

Impairment of Tangible and Intangible Assets

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

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

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

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

Investment properties

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

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

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

2.2 Summary of Significant Accounting Policies (cont'd)

Leasing transactions

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

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

Group as a lessee

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

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

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

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

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

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

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

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

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

2.2 Summary of Significant Accounting Policies (cont'd)

Leasing transactions (cont'd)

Group as a lessee (cont'd)

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

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

Short-term leases and leases of low-value assets

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

The Group as a lessor

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

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

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

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

Right to use assets

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

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

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

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

Right of use assets are subject to impairment assessment.

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

2.2 Summary of Significant Accounting Policies (cont'd)

Financial Assets

Classification

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

Recognition and Measurement

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

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

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

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

Financial assets related to concession agreements

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

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

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

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

2.2 Summary of Significant Accounting Policies (cont'd)

Financial Assets (cont'd)

Derecognition

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

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

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

Offsetting of financial assets and liabilities

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

Impairment

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

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

Trade Receivables

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

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

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

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

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

2.2 Summary of Significant Accounting Policies (cont'd)

Financial liabilities

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

Financial liabilities and borrowing costs

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

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

Trade payables

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

Cash and cash equivalents

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

Equity

Ordinary shares

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

Employee benefits

Provision for severance pay

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

Provisions

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

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

2.2 Summary of Significant Accounting Policies (cont'd)

Revenue

Revenue from customer contracts

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

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

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

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

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

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

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

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

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

2.2 Summary of Significant Accounting Policies (cont'd)

Sale of goods

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

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

Construction contracts

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

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

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

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

Service concession agreements

IFRS 12 Interpretation regulates the accounting of public-private sector concessional service agreements by operators. This interpretation applies to public-to-private concessional service agreements if the following conditions are met:

- (a) If the concessionist supervises or regulates what services the operator must provide with the infrastructure, for whom it must provide such services and at what price, and
- (b) The grantor of the concession; in the event that, by ownership, usufruct or otherwise, controls any existing significant right/interest in the infrastructure at the end of the agreement period.

As a result of the contracts signed on 20 August 2015, 26 August 2014 and 12 August 2016, respectively, Eskişehir, Isparta and Tekirdağ City Hospitals operate within the scope of Construction and Transfer of Operating Rights ("TOR") contracts and service concession agreements for certain services such as construction, integrated health facilities design, construction, operation and maintenance with Public Private Partnership models. With the concession agreements it has made, the company will receive the annual rent and service payments determined from the Ministry of Health during the operation period. Isparta City Hospital, Eskişehir City Hospital and Tekirdağ City Hospital became operational as of March 2017, October 2018 and November 2020, respectively, and the Group accounts for the revenues it receives from hospital management activities under "Revenue".

Isparta City Hospital, Eskişehir City Hospital, and Tekirdağ City Hospital have respectively commenced their operations and collections related to hospital management as of March 31, 2017, October 27, 2018, and November 30, 2020. As a result of recent agreements with the Ministry of Health, Isparta City Hospital, Eskişehir City Hospital, and Tekirdağ City Hospital will have operational rights until November 2039, December 2044, and February 2043, respectively. Within this scope, the Group is obligated to deliver the hospitals and their facilities in good and complete condition to the Ministry of Health at the end of the operational period.

The hospitals will be handed over to the Ministry of Health at the end of the working period. Financial assets arising from the application of TFRS Interpretation 12 are presented under financial assets in the balance sheet.

If the operator provides construction or renovation services, the consideration received or to be received by the operator is accounted for according to TFRS 15. This consideration may be;

- (a) A financial asset or
- (b) Intangible non-current asset rights.

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2.2 Summary of Significant Accounting Policies (cont'd)

Revenue (cont'd)

Service concession agreements (cont'd)

The operator recognizes an "intangible asset" to the extent that it obtains the right to collect fees from users of utilities (license). The right to collect fees from utility users is not an unconditional right to obtain cash; Because the amounts are contingent to the extent that the public uses the service. The operator recognizes a unconditional right arising from a contract to obtain cash or another financial asset given by the grantor in exchange for construction services, or given in accordance with the grantor's instructions, to the extent that the agreement is generally legally enforceable; if the grantor has very limited discretion, if any, not to make the payment. Even if the payment is conditional on the operator guaranteeing that the infrastructure meets the specified quality or efficiency requirements, the operator has an unconditional right to collect cash if the concessionist contractually undertakes to pay the operator (a) the amount determined or determinable or (b) the difference, if any, between the amounts collected from utility users and the amounts determined or determinable. The Group evaluated the Preferred Service Agreements and decided to recognize them as financial assets.

Financial asset model

Under concessionary service agreements, the operator has an unconditional right to collect cash if the concessionaire undertakes to make the following payments:

- An amount that is or can be determined in the contract, or
- If applicable, committing to cover the gap between amounts collected from public service users and the specified or determinable amounts, based on the contract.

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

Contractual Cash Flows Test Involving Interest Payments on Principal and Principal Balance Only

TFRS 9 requires determining whether cash flows related to contractual interest payments pertain solely to principal and principal balances for financial assets.

Anapara: It represents the fair value measured on the day when the financial asset is initially recorded.

Interest: Interest reflects the time value of money, as well as the profit margin of the lender and the cost of the credit risk associated with the financial instrument (such as liquidity risk) and other underlying lending risks and costs (such as service costs and managerial costs) that exist over the life of the financial instrument. The costs in question must be qualitatively similar to the costs of an ordinary debt instrument.

The time value of money is only the element of interest that pays for the passage of time. In other words, the time value of money element does not compensate for other risks or costs associated with holding the financial asset. The business uses its judgment to assess whether the element in question only covers the cost of the passage of time, and takes into account relevant factors such as the currency in which the financial asset is expressed and the period in which the interest rate applies.

When evaluating a financial asset with cash flows independent of the time value of money, TFRS 9 recommends comparing the contractual cash flows of the financial asset being assessed by a business with the cash flows of a "comparable" (similar) other debt instrument. If the cash flows of the compared debt instrument significantly differ from the cash flows of the financial asset held by the business, it is accepted that the contractual cash flows include not only principal and interest payments related to the principal balance, and the said financial asset is recognized as a financial asset accounted for in the profit or loss statement due to changes in fair value.

If the financial asset with variable cash flows significantly differs from the cash flows of a comparable debt instrument, without requiring a detailed analysis, it is not necessary to conduct a thorough quantitative evaluation (only a "qualitative assessment").

When evaluating financial instruments within the scope of this assessment, certain factors must be taken into consideration:

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2.2 Summary of Significant Accounting Policies (cont'd)

Revenue (cont'd)

Financial asset model(cont'd)

- The entity compares the contractual undiscounted cash flows of the financial instrument with the contractual undiscounted cash flows ("benchmark cash flows") that would have arisen if the time value of the cash flows had not been changed.
- A suitable comparable financial instrument is one that has the same credit quality and the same contractual terms (e.g., with the same repayment period), except for cash flow variability.
- The entity should consider changes in cash flows, the time value of returns, and the cumulative impact on the vehicle's lifespan during each reporting period..
- The entity should consider only reasonable scenarios rather than all possible scenarios..

However, it is necessary to define a basis financial instrument pool, which implies evaluating multiple scenarios.

In some cases, the financial asset may have contractual cash flows, which are defined as principal and interest, but these cash flows do not reflect the outstanding principal interest of the principal and interest amount, as defined in IFRS 9. If the cash flows of a financial instrument are dependent on the performance of the entity or the volume of transactions, the cash flows arising from this contract are inconsistent with the cash flows of an underlying financial instrument. As a result, the instrument in question will not meet the contractual cash flows criterion, which includes only interest payments on the principal and principal balance.

The Group has evaluated the Service Concession Agreements with the state in the context of Cash Flows related to Interest Payments Only on Principal and Principal Balance, based on TFRS 9. As a result of the assessment, the Group believes that the financial assets arising from the Service Concession Agreements do not have cash flows consistent with ordinary debt instruments due to foreign exchange rate adjustments and contractual variable returns. Therefore, the financial assets arising from these investments are now measured as Fair Value Changes Recognized in Profit or Loss.

Electricity sales revenues

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

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

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

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

2.2 Summary of Significant Accounting Policies (cont'd)

Revenue (cont'd)

Rent incomes

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

Other transactions

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

Government incentives

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

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

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

Earnings arising from investments within the scope of the incentive certificates received for the hospital project are subject to corporate tax at reduced rates, effective from the financial year in which the investment starts to be operated partially or completely, until the investment reaches the contribution amount. In this context, the Group recognizes the tax advantage that it expects to benefit in the foreseeable future in companies with investment incentives as deferred tax assets in the consolidated financial statements. The Group has the right to use this tax asset until the end of the operating period of the relevant hospitals.

Financing income and expenses

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

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

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

Earnings per share

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

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

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

2.2 Summary of Significant Accounting Policies (cont'd)

Taxes on income

Article 21 of the Law on the Issuance of Additional Motor Vehicle Tax and the Amendment of Certain Laws and the Decree Law No. 375 for the Compensation of Economic Losses Caused by the Earthquakes That Occurred on 6/2/2023" published in the Official Gazette dated 15 July 2023 and numbered 32249. Pursuant to Article 32 of the Corporate Tax Law No. 5520, which regulates the corporate tax rate. With the amendments made in the article; It has been stipulated that the general rate applied in corporate tax will be increased from 20% to 25%, and the rate for banks and financial institutions will be increased from 25% to 30%. The same article of the said law (21. Article), in order to encourage exports, it has been ensured that the corporate tax rate, which is applied with a discount of 1 point to the earnings of exporting institutions exclusively from exports, is applied with a discount of 5 points. The amendment will apply to the earnings of corporations in 2023 and subsequent tax periods, starting with the returns that must be filed as of October 1, 2023. It will be in force in the tax calculation of the earnings of the institutions subject to the special accounting period starting in the calendar year 2023 and the following taxation periods. Therefore, the tax rate was used as 25% as of the reporting period in the tax calculations of the relevant companies (31 December 2022: 23%). The corporate tax rate is applied to the gross corporate income to be found as a result of adding expenses that are not accepted as a deduction in accordance with tax laws to the commercial income of corporations and deducting the exemptions and deductions in the tax laws. Corporate tax is declared until the evening of the twenty-fifth day of the fourth month following the end of the year to which it relates and paid until the end of the relevant month. The tax expense for the year comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized directly in equity.

Cari dönem vergi yükümlülüğü, dönem karının vergiye tabi olan kısmı üzerinden hesaplanır. Şirket'in cari vergi yükümlülüğü raporlama tarihi itibarıyla geçerli olan vergi oranı kullanılarak hesaplanmıştır.

Furthermore, provisional corporate taxes are paid at 25% (2022: 23%) over profits declared for interim periods in 2023 in order to be deducted from the final corporate tax.

With the "Law Amending the Tax Procedure Law and the Corporate Tax Law", which was accepted on the agenda of the Turkish Grand National Assembly on January 20, 2022, the application of inflation accounting was postponed starting from the balance sheet dated on December 31, 2023. Tax expense includes both current period tax expense and deferred tax expense. If the tax is not directly related to a transaction accounted for under equity, it is included in the income statement. Otherwise, the tax is accounted for under equity along with the relevant transaction..

Deferred tax is calculated using the liability method, based on the temporary differences between the recorded values of assets and liabilities in the consolidated financial statements and their tax values. The applicable tax rates in effect as of the balance sheet date are used for calculating deferred taxes.

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

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

For the temporary differences that are expected to be realized / closed in the deferred tax calculation, 25% tax rate is used in 2023.

The state incentives that enable the application of reduced corporate income tax within the scope of investment incentives, as provided by TMS 12, are evaluated under the Income Taxes standard. These state incentives are accounted for as deferred tax assets, provided that it is highly likely that the tax advantage amount earned will be utilized in the future through taxable profit.

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

2.2 Summary of Significant Accounting Policies (cont'd)

Related parties

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

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

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

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

Segment reporting

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

Determination of fair values

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

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

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

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

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

2.2 Summary of Significant Accounting Policies (cont'd)

Determination of fair values (cont'd)

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

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

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

Accounting evaluation, estimation and assumptions

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

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

Financial assets related to concession agreements

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

As of December 31, 2023, the discount rate used in the fair value calculation is 9,32% (December 31, 2022: 10.72%) (Euro) for Eskişehir City Hospital, 9,77% (December 31, 2022: 11.04%) (Euro) for Tekirdağ City Hospital and 10,41% (December 31, 2022: 11.96%) (USD) for Isparta City Hospital. For inflation and exchange rate estimates, fair value calculations are made with different scenarios and the average value is accepted as the final result.

Revaluation of power plants

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

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

- Discount rate: 10,6% (2022: 13,6%)
- Average market electricity selling price (USD c /kWh, nominal): 8.62 (2022: 9.95) (average price over the period of the first five projection years) increased by an average of 2.5% per year (2022: 2.5%) in 2029 and beyond.
- YEKDEM elektrik satış fiyatı aralığı (ABD Doları c /kWh, reel): 7,3 – 13,74 (2022: 7,3 – 13,74)
- Total annual electricity generation: 1.787 GWh ('First projection year) (2022: 1,801 GWh)

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

2.2 Summary of Significant Accounting Policies (cont'd)

Financial assets related to concession agreements (cont'd)

Business model assessment

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

Investment properties

The fair value of the investment properties of the Group, as of the balance sheet date, has been determined by an independent real estate valuation company not affiliated with the Group. According to International Valuation Standards, the fair value calculated in the valuation reports is determined using income reduction methods, and various estimates and assumptions (discount rates, occupancy rates, etc.) are used in these calculations. Changes that may occur in the future in these estimates and assumptions could significantly impact the Group's consolidated financial statements.

Tangible fixed assets

The tangible fixed assets, including land and buildings, are measured based on their fair values according to the revaluation model. During the determination of the fair values of these tangible fixed assets, valuation methods such as comparable sales and cost approach have been used, taking into account the current condition of the real estate and the most efficient use.

Financial investments

The Group has classified its holdings in MIP, Travelex, TAV Investment, and TAR shares, which are reflected in the consolidated financial statements, as financial assets carried at fair value through other comprehensive income/expenses. These financial investments in MIP, Travelex, TAV Investment, and TAR, carried at fair value, are significant for the financial statements and require specialized valuation work. Valuations are conducted in accordance with market conditions, taking into account similar company multiples, discount rates, and current market transactions' yields and sale prices. Changes in these estimates and assumptions could significantly impact the Group's consolidated financial statements in the future.

Deferred taxes

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

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

2.2 Summary of Significant Accounting Policies (cont'd)

Hedging instruments

Transactions in foreign currencies cause exchange rate risk.

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

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

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

2.3 Amendments to the Turkish Financial Reporting Standards

The new standards, amendments and interpretations which are effective as at December 31, 2023 are as follows:

Changes that have entered into force and have been implemented

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

- Amendments to TAS 8 – Definition of Accounting Estimates
- Amendments to TAS 1 – Disclosure Initiative: Accounting Policies
- Amendments to TAS 12 – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction
- Amendments to TAS 12 - International Tax Reform – Pillar Two Model Rules
- Amendments to IAS 12 BOBI FRS-International Tax Reform-Second Pillar Model Rules

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

New and updated standards and interpretations published by the IASB/ISSB but not yet published by the POA

- Lack of Exchangeability – Amendments to TAS 21 The Effects of Changes in Foreign Exchange Rates

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

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

- TFRS 17 - The new Standard for insurance contracts
- First Implementation of TFRS 17 vs. TFRS 9 - Comparative Information
- Amendments to TAS 1– Classification of Liabilities as Current or Non-current
- Amendments to TFRS 16 Leases - Lease Liability in a Sale and Leaseback
- Amendments to TFRS 4- Applying TFRS 9 Financial Instruments with TFRS 4 Insurance Contracts
- Amendments to TAS 7 Statement of Cash Flows and TFRS 7 Financial Instruments: Disclosures – Supplier Finance Arrangements
- TSR S1 General Requirements for Disclosure of Sustainability-related Financial Information and TSRS S2 Climate-related Disclosures

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

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3. SHARE PURCHASE/SALES OF SUBSIDIARIES/AFFILIATES

Joint Venture Share Purchases

Akfen Water Share Purchase

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

The financial statements of the related companies as of December 31, 2022 are as follows:

	Balance sheet of the acquisition (A) December 31, 2022	Pre-purchase balance sheet (B) December 31, 2022	Impact of purchase (A-B) December 31, 2022
Assets			
Current assets	87,098	-	87,098
Cash and cash equivalents	11,947	-	11,947
Financial investments	64,942	-	64,942
Trade receivables	8,935	-	8,935
- Trade receivables from related parties	8,797	-	8,797
- Trade receivables from third parties	138	-	138
Current income tax assets	704	-	704
Prepaid expenses	570	-	570
Non-current assets	20,568	48,810	(28,242)
Other receivables	13,524	-	13,524
- Other receivables from related parties	12,827	-	12,827
- Other receivables from third parties	697	-	697
Investments accounted using the equity method	-	48,810	(48,810)
Property, plant and equipment	1,077	-	1,077
Intangible assets	25	-	25
Deferred tax asset	3,743	-	3,743
Other non-current assets	2,199	-	2,199
Total assets	107,666	48,810	58,856
Liabilities			
Current liabilities	9,382	-	9,382
Trade payables	7,302	-	7,302
- Trade payables to third parties	7,302	-	7,302
Other payables	1,024	-	1,024
- Other payables to third parties	1,024	-	1,024
Short-term provisions	919	-	919
- Short-term provisions for employee benefits	919	-	919
Other current liabilities	137	-	137
Non-current liabilities	702	-	702
Long-term provisions	702	-	702
- Long-term provisions for employee benefits	702	-	702
Equity attributable to owners of parent	97,621	48,810	48,810
Total liabilities	107,705	48,810	58,895

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3. SHARE PURCHASE/SALES OF SUBSIDIARIES/AFFILIATES (cont'd)

Joint Venture Share Purchases (cont'd)

Akfen Water Share Purchase (cont'd)

The difference between purchase price of Akfen Water and the net asset value at the date of purchase is recognised in the Group's financials as a gains from share sales of joint ventures as of December 31, 2023 and the value is as follows:

Akfen Water	On the date of purchase
Net asset value on the date of purchase	97,621
Share of shares purchased	%50
Value of the share purchased (A)	48,810
Purchase price (B) (*)	27,359
Bargain purchase profit (A-B) (Note 30) (**)	21,451

(*) TRY 15.333 of the purchase price was realized in cash and the remaining as deduction from receivables.

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

Akfen Water	
Total purchase price – cash	15,333
Cash and cash equivalents – from Akfen Water	(11,947)
Cash outflow from purchase, (net)	3,386

Akfen Renewable Energy Share Purchase

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

	Balance sheet of the acquisition (A)	Pre-purchase balance sheet (B)	Impact of purchase (A-B)
Assets	December 31, 2022	December 31, 2022	December 31, 2022
Current Assets	2,361,723	-	2,361,723
Cash and cash equivalents	1,488,240	-	1,488,240
Trade receivables	743,416	-	743,416
-Trade receivables from third parties	743,416	-	743,416
Other receivables	5,023	-	5,023
-Other receivables from third parties	5,023	-	5,023
Prepaid expenses	115,041	-	115,041
Current income tax assets	3,557	-	3,557
Other current assets	6,446	-	6,446
Non-Current Assets	31,344,184	8,751,329	22,592,855
Financial investments	636	-	636
Trade receivables	5,283	-	5,283
-Trade receivables from third parties	5,283	-	5,283
Other receivables	25,045	-	25,045
-Other receivables from third parties	25,045	-	25,045
Derivative instruments	171,672	-	171,672
Investments accounted using the equity method	-	8,751,329	(8,751,329)
Right of use assets	504,125	-	504,125
Property, plant and equipment	27,648,145	-	27,648,145
Intangible assets	2,660,484	-	2,660,484
- Goodwill	156,406	-	156,406
- Other intangible assets	2,504,078	-	2,504,078
Prepaid expenses	227,018	-	227,018
Deferred tax assets	37,869	-	37,869
Other non current assets	63,907	-	63,907

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Total assets	33.705.907	8.751.329	24.954.578
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3. SHARE PURCHASES/SALES OF SUBSIDIARIES/JOINT VENTURES (cont'd)

Joint Venture Share Purchases (cont'd)

Akfen Renewable Energy Share Purchase (cont'd)

	Balance sheet of the acquisition (A)	Pre-purchase balance sheet (B)	Impact of purchase (A-B)
	December 31, 2022	December 31, 2022	December 31, 2022
Liabilities			
Current Liabilities	3,940,111	-	3,940,111
Short term portion of long-term borrowings	2,588,715	-	2,588,715
Trade payables	853,379	-	853,379
- Trade payables to related parties	19,174	-	19,174
- Trade payables to third parties	834,205	-	834,205
Employee benefit obligations	2,678	-	2,678
Other payables	45,230	-	45,230
- Other payables to third parties	45,230	-	45,230
Derivative financial liabilities	427,701	-	427,701
Income tax payable	1,128	-	1,128
Current provisions	21,280	-	21,280
- Provision for employee benefits	5,104	-	5,104
- Other short-term provisions	16,176	-	16,176
Non-Current Liabilities	14,504,694	-	14,504,694
Long term borrowings	9,962,753	-	9,962,753
Other payables	182	-	182
- Other payables to third parties	182	-	182
Non-current provisions	36,516	-	36,516
- Provision for employee benefits	32,202	-	32,202
- Other long-term provisions	4,314	-	4,314
Deferred tax liabilities	4,505,243	-	4,505,243
Equity	15,261,102	8,751,329	6,509,773
Equity attributable to equity holders of the parent	15,201,754	8,751,329	6,450,425
Total Liabilities	33,705,907	8,751,329	24,954,578

Akfen Renewable Energy	On the date of purchase
Net asset value on the date of purchase	15,201,755
Share of shares purchased	%33,09
Value of the share purchased (A)	5,030,717
The effect of change in ownership rate (B)	1,419,018
Purchase price (C) (*)	4,998,059
Goodwill (Note 15) (A+B-C) (**)	1,451,676

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

(**) At the time of the Company's acquisition of all shares of Akfen Renewable Energy from EBRD and IFC on January 18, 2023, the difference between the purchase price and the share value of Akfen Renewable Energy, which is TRY 1.451.676, has been recognised under "Intangible Assets" as "Share Purchase" Impact".

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

Joint Venture Share Purchases (cont'd)

Akfen Renewable Energy Share Purchase (cont'd)

Akfen Renewable Energy	
Total purchase price – cash	4,998,059
Cash and cash equivalents – from Akfen Renewable Energy	(1,488,240)
Restricted bank reserve - from Akfen Renewable Energy	1,130,985
Cash outflow from purchase, (net)	4,640,804

Acacia Mine Share Purchase

On March 31, 2023, the Company purchased 20% of Acacia Mine's shares from İzbir Mine, and its ownership rate increased to 45.5% from 25.5%. For this share purchase, a total of USD 47,500 will be paid in installments to be paid until the end of 2024, TRY 127,290 of which was deducted as the share price and TRY 731,375 was paid as of December 31, 2023. The amount to be paid in installments is discounted to the date of purchase with a certain discount rate. On March 31, 2023, 20% of Acacia Mine's shares were purchased by the Group, and the difference between the share value of Acacia Mine on the date of purchase and the purchase price which is TRY 198,723, was recognised as "Goodwill" under "Investments Accounted Using the Equity Method".

Acacia Mine	On the date of purchase
Net asset value on the date of purchase	6,112,403
Share of shares purchased	%20
Value of the share purchased (A)	1,222,481
Purchase price (B)	1,421,204
Goodwill (A-B) (Note 20)	198,723

Subsidiary/Joint Venture Share Sales

Akfen Renewable Energy Share Sale

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

Akfen Renewable Energy	March 31, 2023
Public offering revenue	4,884,591
Public offering expense	(70,825)
Net income (A)	4,813,766
Net equity as of the date of public offering (B)	16,065,501
Public offering rate	33,50%
Total book value offered to the public (C)	5,381,943
Public offering profit (A-C) (Note 30)	(568,177)

Ayrı Gayrimenkul Devir

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

Ayrı Gayrimenkul	On the date of sale
Net asset value on the date of sale (A)	802,450
Sale price (B)	725,933
Sales loss (A-B) (Note 30)	(76,517)

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

Subsidiary/Joint Venture Share Sales (cont'd)

Share sale of Biz Mining

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

Biz Mining	On the date of sale
Net asset value on the date of sale	(263)
Share of shares sale	%50
Share value sold (A)	(131)
Sale price (B)	50
Sales profit (B-A) (Note 30)	181

Share sale of Acacia Mine

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

	On the date of sale
Net assets	7,951,084
Acacia Mine's share of shares sold	%4,5
Acacia Mine's net asset amount sold	357,799
Other net asset value sold at Group level (*)	8,993
Total (A)	366,792
Sales price (B)	90,312
Losses arising from the disposal of affiliates (B-A) ⁽¹⁾ (Note 30)	(276,480)

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

Share sale of Acacia Mine

On November 24, 2023, Akfen Holding's shares in Acacia Mine, constituting 3% of Acacia Mine's total capital, were transferred to BMA Mining. The difference between the said sale price and the net asset derecognised, was recognised as an expense from investment activities in the consolidated statement of profit or loss and other comprehensive income for the year ended December 31, 2023.

	On the date of sale
Net assets	8,832,606
Acacia Mine's share of shares sold	%3
Acacia Mine's net asset amount sold	264,978
Other net asset value sold at Group level (*)	7,710
Total (A)	272,688
Sales price (B)	48,866
Losses arising from the disposal of affiliates (B-A) ⁽¹⁾ (Note 30)	(223,822)

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

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

Subsidiary/Joint Venture Share Sales (cont'd)

Akfen Karaköy Share Purchase/Share Sale

On February 16, 2023, 1.27% of Akfen Karaköy shares were purchased from other non-related partners of Akfen Karaköy for TRY 28,226 and The said shares were sold to Akfen REIT for TRY 16,048 on May 2, 2023, and a total of TRY 12,178 expense (Note 30) from these transactions was recognised under expense of investment activities in the consolidated statement of profit or loss of the Group.

Share sale of Akfen REIT

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

	<u>On the date of sale</u>
Net Assets	11,647,728
Akfen REIT's share of shares sold	%10
Akfen REIT's net asset amount sold (A)	1,164,683
Sales price (B)	801,870
Losses arising from the disposal of affiliates (B-A) ⁽¹⁾ (Note 30)	(362,813)

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

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4. SEGMENT REPORTING

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

<u>January 1-December 31, 2023</u>	<i>Investments accounted using the equity method</i>								<i>Consolidation adjustment and classification</i>	<i>Consolidated Total</i>
	<i>Akfen Holding</i>	<i>Akfen Construction</i>	<i>Akfen Renewable (*)</i>	<i>Akfen Water (**)</i>	<i>Akfen Tourism</i>	<i>Akfen REIT</i>	<i>Acacia (***)</i>	<i>Other (****)</i>		
Revenue	44,109	2,345,216	4,363,237	57,074	343,817	152,630	2,326,554	1,715,724	11,348,361	7,093,877
Cost of sales	-	(2,397,950)	(2,162,990)	(50,002)	(350,608)	(5,253)	(1,314,368)	(1,657,774)	(7,938,945)	(4,878,930)
Gross profit/(loss)	44,109	(52,734)	2,200,247	7,072	(6,791)	147,377	1,012,186	57,950	3,409,416	2,214,947
Selling and marketing expenses	-	(20,448)	-	-	(2,008)	-	(143,548)	(14,911)	(180,915)	(15,254)
General administrative expenses	(372,250)	(225,659)	(139,642)	(18,194)	(27,643)	(10,962)	(127,470)	(87,160)	(1,008,980)	(783,824)
Other operating income	1,307,852	18,172,231	2,058,906	2	17,636	69,185	-	24,920	21,650,732	21,496,671
Other operating expenses	(1,360,288)	(343,409)	(121,423)	(1,752)	(1,872)	(1,701)	(69,530)	(67,523)	(1,967,498)	(1,673,100)
Share of profit/(loss) from investments accounted using the equity method	-	-	-	-	-	7,143	-	5,531	12,674	664,127
Operating (loss)/profit	(380,577)	17,529,981	3,998,088	(12,872)	(20,678)	211,042	671,638	(81,193)	21,915,429	21,903,567
Investment activity income	5,606,394	-	44,874	2,212	-	8,176	-	22,811	5,684,467	1,989,515
Investment activity expenses	(342,389)	-	-	-	-	-	-	(4)	(342,393)	(414,274)
Finance income	123,445	1,468,738	89,383	41,092	3,695	17,377	-	166,925	1,910,655	1,635,464
Finance expense	(837,304)	(12,205,934)	(2,060,866)	(75)	(23,617)	(456,787)	(90,375)	(1,708,124)	(17,383,082)	(15,076,648)
Monetary (loss)/gain	(968,033)	(4,212,977)	1,325,188	(42,963)	19,576	302,956	-	45,336	(3,530,917)	(1,342,664)
(Loss)/profit before tax from continuing operations	3,201,536	2,579,808	3,396,667	(12,606)	(21,024)	82,764	581,263	(1,554,249)	8,254,159	8,694,960
Tax (expense)/income for the period	(283,043)	(544,476)	1,153,716	(5,483)	29,962	19,160	326,707	23,051	719,594	44,403
(Loss)/profit after tax from continuing operations	2,918,493	2,035,332	4,550,383	(18,089)	8,938	101,924	907,970	(1,531,198)	8,973,753	8,739,363
Profit/(loss) for the period from parent company shares	2,918,493	2,040,452	4,553,838	(18,089)	8,938	101,262	907,970	(1,531,198)	8,981,666	7,329,510
Depreciation and amortization expenses	7,022	57,792	752,809	356	21,862	788	351,773	90,057	1,282,459	849,115
Tangible and intangible fixed asset, investment property and other investments	19,871	147,343	145,618	-	11,440	350,025	269,955	16,326	960,578	330,491
December 31, 2023										
Segment assets	30,853,922	33,998,468	34,579,916	92,279	252,318	3,259,234	4,900,491	3,488,724	111,425,352	94,516,497
Segment liabilities	11,346,748	19,795,414	14,147,446	12,637	151,383	1,076,409	1,146,633	6,181,496	53,858,166	45,767,749

(*) After the share purchase on January 18, 2023, Akfen Renewable Energy's ownership rate increased from 66.91% to 100%. On March 2, 2023, the Capital Markets Board approved the public offering of Group B shares with a nominal value of TRY 340,370,703 owned by the Company in Akfen Renewable Energy. Group B shares with a nominal value of TRY 340,370,703 were offered for sale between March 8, 2023 and March 10, 2023, and Akfen Renewable Energy shares with a total nominal value of TRY 340,370,703 (33.5% of the capital) were offered to the public. As a result, as of December 31, 2023, Akfen Holding's share in Akfen Renewable Energy was 66.5%.

(**) After the share purchase on January 5, 2023, Akfen Water's ownership percentage has increased from 50% to 100%. As of December 31, 2022, Akfen Su, which was a business partnership of the Company, has become a subsidiary as of December 31, 2023.

(***) On March 31, 2023, the Company purchased 20% of Acacia Maden's shares from İzbir Maden, and the ownership ratio increased from 25.5% to 45.5%. On November 24, 2023, 3% of the shares were transferred to BMA Mining, and as of December 31, 2023, the ownership rate is 42.5%. Acacia Maden's profit or loss items were consolidated at a pre-purchase ownership ratio of 25.5% until March 31, 2023, and at a post-purchase ownership ratio of 45.5% from March 31, 2023 to December 31, 2023..

(****) The companies listed in the above text include Akfen Consultancy, Akfen GPYŞ, Biz Mining, Zeki Construction, Adana İpekyolu, Akfen Merter, Temmuz Investment, Ağustos Investment, Ocak Investment, Şubat Investment, Aralık Investment, Akfen Energy Gas, Akfen Hospital, Yedide Yedi, Kadıköy Terminal, MDO, and Akfen Solar energy (affiliated companies).

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4. SEGMENT REPORTING (cont'd)

	Investments accounted using the equity method									Konsolidasyon düzeltilmeleri ve sınıflamalar		Konsolide
	Akfen Holding	Akfen İnşaat	Akfen Turizm	Akfen GYO (*)	Akfen Yenilenebilir	Akfen Akfensu	Acacia (**)	Diğer (***)	Toplam			Toplam
January 1-December 31, 2022												
Revenue	51,243	1,566,111	267,147	174,006	3,303,901	28,471	1,691,628	1,310,842	8,393,349	(6,498,403)		1,894,946
Cost of sales	-	(1,603,463)	(307,459)	(6,936)	(1,380,579)	(24,480)	(1,039,450)	(1,316,470)	(5,678,837)	3,761,241		(1,917,596)
Gross profit/(loss)	51,243	(37,352)	(40,312)	167,070	1,923,322	3,991	652,178	(5,628)	2,714,512	(2,737,162)		(22,650)
Selling and marketing expenses	-	(17,311)	(2,197)	-	-	-	(93,443)	(20,188)	(133,139)	119,932		(13,207)
General administrative expenses	(209,258)	(179,217)	(4,412)	(7,071)	(77,573)	(11,924)	(58,562)	(98,548)	(646,565)	239,759		(406,806)
Other operating income	6,156	10,194,007	19,520	1,558	177,572	-	743	471,858	10,871,414	(704,132)		10,167,282
Other operating expenses	(100,339)	(113,193)	(2,367)	(1,155)	(3,688,973)	(32)	-	(39,368)	(3,945,427)	3,842,951		(102,476)
Share of profit from investments accounted using the equity method	-	-	-	40,869	-	-	-	3,712	44,581	(869,901)		(825,320)
Operating (loss)/profit	(252,198)	9,846,934	(29,768)	201,271	(1,665,652)	(7,965)	500,916	311,838	8,905,376	(108,553)		8,796,823
Investment activity income	819,791	-	-	-	71,057	1,339	-	-	892,187	(497,531)		394,656
Investment activity expenses	(1,408,906)	-	-	-	-	-	-	(7,403)	(1,416,309)	(551,360)		(1,967,669)
Finance income	204,875	3,682,947	11,893	137,953	606,050	16,971	194,546	238,174	5,093,409	(1,218,382)		3,875,027
Finance expense	(1,004,316)	(9,609,209)	(17,323)	(271,552)	(1,820,537)	(1,474)	(118,912)	(1,924,091)	(14,767,414)	4,167,735		(10,599,679)
Monetary (loss)/gain	(1,285,998)	(3,335,870)	(10,389)	216,823	1,431,285	(28,943)	-	5,387	(3,007,705)	283,847		(2,723,858)
(Loss)/profit before tax from continuing operations	(2,926,752)	584,802	(45,587)	284,495	(1,377,797)	(20,072)	576,550	(1,376,095)	(4,300,456)	2,075,756		(2,224,700)
Tax income/(expense) for the period	223,584	987,558	(4,042)	(33,658)	323,482	1,789	43,167	(90,957)	1,450,923	(389,609)		1,061,314
(Loss)/profit after tax from continuing operations	(2,703,168)	1,572,360	(49,629)	250,837	(1,054,315)	(18,283)	619,717	(1,467,052)	(2,849,533)	1,686,147		(1,163,386)
Profit/(loss) for the period from parent company shares	(2,703,168)	1,578,584	(49,629)	245,026	(1,054,774)	(18,283)	619,717	(1,467,052)	(2,849,579)	1,681,176		(1,168,403)
Depreciation and amortization expenses	11,142	56,497	21,368	1,315	574,035	197	252,656	123,225	1,040,435	(950,096)		90,339
Tangible and intangible fixed asset, investment property and other investments	18,897	62,195	24,327	5,371	61,900	53	324,181	64,392	561,316	(452,027)		109,289
December 31, 2022												
Segment assets	27,523,273	33,582,436	239,376	3,771,103	22,551,476	53,833	3,045,425	5,865,850	96,632,772	(29,464,230)		67,168,542
Segment liabilities	11,062,270	21,353,492	91,307	1,414,987	12,381,129	5,023	1,268,229	7,030,979	54,607,416	(21,684,340)		32,923,076

(*) After the share sale on November 14, 2022, Akfen REIT's ownership percentage has decreased from 23.94% to 13.94%. Akfen REIT's profit or loss items have been consolidated based on the ownership percentage of 23.94% before the share sale, up until the closest accounting period to the share sale date, which is September 30, 2022, and the ownership percentage of 13.94% after the share sale on November 14, 2022, until December 31, 2022.

(**) Following the share sale that took place on July 22, 2022, Acacia Mining's ownership percentage has decreased from 30% to 25.5%. Acacia Mining's profit or loss items have been consolidated at the ownership percentage of 30% prior to the share sale, which corresponds to the closest accounting period to the share sale date (June 30, 2022), and at the ownership percentage of 25.5% from June 30, 2022 to December 31, 2022.

(***) Other companies include Akfen Consulting, Akfen GPYŞ, Biz Mining, Zeki Construction, Ayn Real Estate, Adana Silk Road, Temmuz Investment, Ağustos Investment, Akfen Energy Gas, Akfen Hospital, MDO and Akfen Solar Energy (subsidiaries).

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5. CASH AND CASH EQUIVALENTS

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

	December 31, 2023	December 31, 2022
Cash on hand	4,911	4,259
Banks	4,820,255	3,819,632
- Demand deposits	209,678	98,776
- Time deposits	4,610,577	3,720,856
Other cash and cash equivalents (*)	1,724,578	1,433,638
Impairment	-	(123)
Cash and cash equivalents	6,549,744	5,257,406
Restricted bank balance (-)	(1,047,315)	(1,698)
Impairment	-	123
Cash and cash equivalents in the cash flow statement	5,502,429	5,255,831

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

As of December 31, 2023, TRY 1,040,297 of the Group's restricted bank balance consists of various project, reserve and assignment accounts related to the agreements made with banks to finance Akfen Renewable Energy's projects. These accounts can only be used for the purposes specified in the terms and conditions of the agreements. As of December 31, 2023, TRY 7,018 of the bank balance, which is restricted to use, has been blocked for insurance payments, and the blockage is removed when payments are made (December 31, 2022: Balances blocked for insurance payments of TRY 1,698).

Demand deposits

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

	December 31, 2023	December 31, 2022
US Dollar	154,497	61,058
EUR	34,123	17,100
TRY	20,930	20,382
Other	128	236
Total	209,678	98,776

Time deposits

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

	Maturity	Interest rate (%)	December 31, 2023	Maturity	Interest rate (%)	December 31, 2022
US Dollar	January 2024	0,01 – 4	4,102,641	January 2023	0,01 - 3,75	2,394,874
TRY	January 2024	3 – 44	320,517	January 2023	2 – 22	884,196
EUR	January 2024	0,01-3	187,419	January 2023	0,01-1,50	441,786
Total			4,610,577			3,720,856

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

Other cash and cash equivalents

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

	December 31, 2023	December 31, 2022
US Dollar	1,661,314	1,417,757
TRY	63,264	15,881
Total	1,724,578	1,433,638

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

6. FINANCIAL BORROWINGS

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

	December 31, 2023	December 31, 2022
Short-term financial borrowings	8,266,846	4,068,385
Short-term secured bank loans	162,548	251,644
Current portion of long-term secured bank loans	8,056,400	3,352,028
Current portion of long-term bonds	-	457,596
Current portion of long-term financial lease borrowings	28,728	-
Current portion of long-term lease liabilities	19,170	7,117
Long-term financial liabilities	29,599,239	23,999,712
Long-term secured bank loans	29,348,914	23,982,285
Long-term lease liabilities	250,325	17,427
Total	37,866,085	28,068,097

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6. FINANCIAL BORROWINGS ((cont'd)

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

December 31, 2023	Currency	Nominal interest rate %	Maturity	Nominal value	Book value
Collateralized project bank loan ⁽¹⁾	Euro	3A Euribor +5,50	2035	4,658,607	4,740,318
Collateralized project bank loan ⁽¹⁾	Euro	3A Euribor+6,10	2034	3,831,984	3,896,837
Collateralized project bank loan ⁽¹⁾	Euro	3A Euribor +4,75	2034	3,831,984	3,908,062
Collateralized project bank loan ⁽¹⁾	Euro	3A Euribor+5,05	2029	2,038,820	2,075,606
Collateralized project bank loan ⁽¹⁾	Euro	3A Euribor +6,00	2029	268,402	273,752
Collateralized project bank loan ⁽¹⁾	US Dollar	3A Libor +5,15	2029	2,043,014	2,086,683
Collateralized project bank loan ⁽¹⁾	US Dollar	SOFR +0,42 (CAS) +4,90	2027	342,346	342,853
Collateralized project bank loan ⁽¹⁾	US Dollar	SOFR +0,26 (CAS) +6,20	2029	267,874	274,159
Collateralized bank loan ⁽¹⁾	TRY	45-50,52	2024	185,519	192,504
Collateralized bank loan ⁽²⁾	US Dollar	1,36	2025	3,538,956	3,545,369
Collateralized bank loan ⁽²⁾	US Dollar	1,40	2026	2,064,391	2,065,433
Collateralized bank loan ⁽²⁾	US Dollar	1,33	2026	1,179,652	1,182,963
Collateralized bank loan ⁽²⁾	US Dollar	11	2029	749,079	777,662
Collateralized bank loan ⁽²⁾	US Dollar	11	2029	749,079	761,553
Collateralized bank loan ⁽²⁾	US Dollar	8,50	2024	737,283	749,072
Collateralized bank loan ⁽²⁾	US Dollar	8,50	2024	737,283	747,194
Collateralized bank loan ⁽²⁾	Euro	Euribor +6,55	2024	373,643	376,581
Financial lease borrowings ⁽³⁾	TRY	24	2024	28,600	28,728
Collateralized project bank loan ⁽⁴⁾	US Dollar	0,90+SoFr	2032	3,534,202	3,930,003
Collateralized project bank loan ⁽⁴⁾	US Dollar	5,90	2025	1,424,234	1,447,287
Collateralized project bank loan ⁽⁴⁾	US Dollar	6,95	2031	1,401,839	1,415,105
Collateralized project bank loan ⁽⁴⁾	US Dollar	5,35+SoFr	2032	848,012	927,385
Collateralized project bank loan ⁽⁴⁾	US Dollar	5,45+SoFr	2030	592,868	639,640
Collateralized project bank loan ⁽⁴⁾	US Dollar	5,55+SoFr	2032	636,369	690,904
Collateralized project bank loan ⁽⁴⁾	US Dollar	6,50	2033	279,889	287,876
Collateralized project bank loan ⁽⁴⁾	US Dollar	2,0+SoFr	2030	156,065	160,592
Collateralized project bank loan ⁽⁴⁾	US Dollar	3,5+SoFr	2027	23,152	23,352
Collateralized project bank loan ⁽⁴⁾	US Dollar	5,60	2024	12,080	12,421
Collateralized project bank loan ⁽⁴⁾	US Dollar	3,5+SoFr	2027	3,533	3,531
Collateralized project bank loan ⁽⁴⁾	US Dollar	3,5+SoFr	2027	2,440	2,412
Collateralized project bank loan ⁽⁴⁾	Euro	3,0+Euribor	2026	10,858	11,515
Collateralized project bank loan ⁽⁴⁾	Euro	3,0+Euribor	2026	9,772	10,414
Collateralized project bank loan ⁽⁴⁾	Euro	3,0+Euribor	2025	5,143	5,401
Collateralized project bank loan ⁽⁴⁾	Euro	3,0+Euribor	2027	2,379	2,561
Collateralized project bank loan ⁽⁴⁾	Euro	3,0+Euribor	2026	814	862
				36,570,165	37,596,590

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6. FINANCIAL BORROWINGS (cont'd)

December 31, 2022	Currency	Nominal interest rate %	Maturity	Nominal value	Book value
Collateralized project bank loan ⁽¹⁾	Euro	3A Euribor +5,50	2035	5,111,630	5,158,457
Collateralized project bank loan ⁽¹⁾	Euro	3A Euribor +4,75	2034	4,274,246	4,304,127
Collateralized project bank loan ⁽¹⁾	Euro	3A Euribor+6,10	2034	4,274,246	4,316,726
Collateralized project bank loan ⁽¹⁾	Euro	3A Euribor+5,05	2029	2,290,230	2,319,980
Collateralized project bank loan ⁽¹⁾	Euro	3A Euribor +6,00	2029	302,283	306,781
Collateralized project bank loan ⁽¹⁾	US Dollar	3A Libor +5,15	2029	2,381,952	2,426,588
Collateralized project bank loan ⁽¹⁾	US Dollar	6A Libor+4,90	2027	431,402	431,987
Collateralized project bank loan ⁽¹⁾	US Dollar	3A Libor +6,20	2029	313,128	319,650
Collateralized bank loan ⁽¹⁾	TRY	7,5-22,20	2023	505,120	509,346
Collateralized bank loan ⁽²⁾	US Dollar	1,36	2025	3,703,832	3,710,404
Collateralized bank loan ⁽²⁾	US Dollar	1,40	2026	2,160,568	2,161,575
Collateralized bank loan ⁽²⁾	US Dollar	1,33	2026	1,234,611	1,238,031
Collateralized bank loan ⁽²⁾	Euro	Euribor +6,55	2024	376,780	381,275
Collateralized bank loan ⁽⁵⁾	TRY	10,00	2023	989	1,030
Bond ⁽⁶⁾	TRY	28	2023	434,635	457,596
				27,795,652	28,043,553

⁽¹⁾ Akfen Construction loans.

⁽²⁾ Akfen Holding loans.

⁽³⁾ Akfen Construction's financial leases.

⁽⁴⁾ Akfen Renewable Energy loans.

⁽⁵⁾ Akfen Tourism loans..

⁽⁶⁾ It represents the remaining amount after deducting the interest withheld from the bond issued on October 17, 2022, with a maturity of 6 months and a value of TRY 494,319.

Secured project bank loans are secured by the following instruments:

- Transfer and assignment of receivables,
- Pledge of accounts,
- Mortgage of rights of construction,
- Share pledge,
- Transfer commitment letter for Akfen Renewable's electricity production license.

Secured bank loans are secured by the guarantee of the Main Shareholder and other Group Companies.

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

	December 31, 2023	December 31, 2022
Within 1 year	8,247,676	4,061,268
Between 1 – 2 year	8,739,411	3,187,005
Between 2 – 3 year	7,095,351	6,131,436
Between 3 – 4 year	3,413,251	5,466,238
Over 5 year	10,100,901	9,197,606
Total	37,596,590	28,043,553

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6. FINANCIAL BORROWINGS (cont'd)

The movements in financial borrowings for the years ended December 31, 2023 and 2022 are as follows:

	2023	2022
Financial liabilities at the beginning of the year	28,043,553	37,042,099
<i>Proceeds from borrowings</i>	3,534,652	2,002,177
<i>Repayments of borrowings</i>	(4,786,728)	(4,308,886)
<i>Interest paid</i>	(2,382,337)	(1,663,116)
<i>Accrual</i>	2,585,846	1,778,000
<i>Foreign exchange difference</i>	17,426,396	8,811,769
<i>Change in scope of consolidation (Note 3)</i>	12,281,973	-
<i>Monetary gain</i>	(19,106,765)	(15,618,490)
Financial liabilities at the period end	37,596,590	28,043,553

Operation lease liabilities

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

The details of operating lease liabilities are as follows:

	December 31, 2023	December 31, 2022
Less than 1 year	19,170	7,117
1 - 5 years	145,976	11,181
5 years and over	1,366,895	57,493
Less: Financial expense for future periods	(1,262,546)	(51,247)
Total operational lease liabilities	269,495	24,544

The movements of the lease liabilities for the years ended December 31, 2023 and 2022 are as follows:

	2023	2022
January 1	24,544	36,042
<i>Finance expense</i>	68,158	3,152
<i>Payments</i>	(46,928)	-
<i>Change in scope of consolidation (Note 3)</i>	269,495	-
<i>Lease cancellations(*)</i>	(26,112)	-
<i>Monetary gain</i>	(19,662)	(14,650)
December 31	269,495	24,544

(*) Akfen Merter had accounting obligations related to the land it leased in İstanbul Zeytinburnu Merkez Efendi neighborhood for a period of 30 years, which was under development. As of December 31, 2023, due to the decision that the relevant project will no longer be developed, the lease expenses in the financial statements have been cancelled.

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7. TRADE RECEIVABLES AND PAYABLES

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

	December 31, 2023	December 31, 2022
Trade receivables due from related parties (Note 32)	150,819	44,181
Trade receivables due from third parties	798,006	315,146
- <i>Receivables from the Ministry of Health (*)</i>	212,444	190,131
- <i>Notes receivables</i>	118	359
- <i>Other trade receivables (**)</i>	585,444	124,656
Toplam	948,825	359,327

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

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

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

	December 31, 2023	December 31, 2022
Trade receivables from related parties	807	-
Trade receivables from third parties	2,676	26,782
- <i>Notes receivables</i>	-	26,782
- <i>Other</i>	2,676	-
Toplam	3,483	26,782

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

	December 31, 2023	December 31, 2022
Trade payables to related parties (Note 32)	14,474	18,730
Trade payables to third parties (*)	1,800,055	408,221
Toplam	1,814,529	426,951

(*) As of December 31, 2023, the balance of short-term unrelated commercial liabilities consists of the debts incurred as a result of the Group's purchase of shares in Acacia Mine, and the remainder consists mostly of the Group's debts to subcontractors related to the equipment and hospital services purchased in connection with construction and city hospital works, and Akfen Renewables' debts to EPIAŞ. (December 31, 2022: It mostly consists of debts incurred for purchased equipment related to the Group's construction and city hospital operations).

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

	December 31, 2023	December 31, 2022
Trade payables due to related parties (Note 32)	-	315
Total	-	315

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8. OTHER RECEIVABLES AND PAYABLES

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

	December 31, 2023	December 31, 2022
Other receivables due from related parties	161	44
Other receivables due from related parties	157,344	98,930
- <i>Receivables from tax office</i>	121,554	96,140
- <i>Deposits and guarantees given</i>	5,108	257
- <i>Other receivables</i>	30,682	2,533
Total	157.505	98.974

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

	December 31, 2023	December 31, 2022
Other receivables from related parties (Note 32)	387,167	725,325
Other receivables from third parties	52,471	26,132
- <i>Deposits and guarantees given</i>	15,316	2,266
- <i>Other long-term receivables</i>	37,155	23,866
Total	439,638	751,457

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

	December 31, 2023	December 31, 2022
Other payables to related parties (Note 32)	-	60,294
Other payables to third parties	148,114	61,518
- <i>Deposit and guarantees received</i>	95,014	11,737
- <i>Taxes and funds payable</i>	51,515	46,720
- <i>Other payables</i>	1,585	3,061
Total	148,114	121,812

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

	December 31, 2023	December 31, 2022
Other payables to related parties (Note 32)	122.789	2.897.159
Other payables to third parties	11	14.443
- <i>Deposit and guarantees received</i>	11	18
- <i>Other payables</i>	-	14.425
Total	122.800	2.911.602

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9. PREPAID EXPENSES/ASSETS ARISING FROM CUSTOMER CONTRACTS

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

	December 31, 2023	December 31, 2022
Prepaid expenses (*)	149,671	29,140
Advance given (**)	147,127	38,600
Other	856	486
Total	297,654	68,226

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

	December 31, 2023	December 31, 2022
Prepaid expenses (*)	236,659	20,666
Advances given (**)	980	12,448
Toplam	237,639	33,114

(*) As of December 31, 2023 and 2022, the majority of the balance consists of advances for the construction works of the Company and City Hospitals and the equipment purchased.

(**) As of December 31, 2023 and 2022, the majority of the balance of expenses for future months and years consists of travel and insurance expenses paid in advance..

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

Short-term assets arising from customer contracts	December 31, 2023	December 31, 2022
Assets arising from customer contracts (*)	33,678	-
Toplam	33,678	-

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

Short-term assets arising from customer contracts	December 31, 2023	December 31, 2022
Assets arising from customer contracts (*)	253,989	221,681
Toplam	253,989	221,681

(*) The Group evaluated the service contract submitted to the Ministry of Health within the scope of IFRS 15 and included its impact in its financial statements. As of December 31, 2023 and 2022, the relevant balances consist of the amount of advance payments made for extraordinary maintenance and repair service expenses to be provided to the Ministry of Health..

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10. FINANCIAL ASSETS RELATED TO CONCESSION AGREEMENTS

Taking into account the terms of the service concession agreement with the government, TFRS Interpretation 12 has applied the financial asset model and defined a financial asset in its financial statements.

The Group considers service concession contracts as mixed contracts that include essential products in the nature of financial assets. The relevant contracts contain multiple hidden derivatives and the contractual cash flows vary with a certain inflation rate and exchange rate changes.

The changes in fair value of financial assets arising from service privilege agreements are classified as gains or losses and are accounted for in the "Other Income-Expenses from Operating Activities" account.

The construction and operation model of city hospitals is based on the public-private partnership (PPP) model. In general, PPP refers to the realization of investments and services based on a contract, by sharing the costs, risks and returns for the project between the public and private sectors.

Isparta City Hospital started to receive patients on March 17, 2017 with the actual completion certificate issued by the Ministry of Health on March 1, 2017 and started to operate. The transfer date of Isparta City Hospital to the Ministry of Health is November 5, 2039.

The investment period of Eskişehir City Hospital, which was planned to last for 3 years, was completed in 1 year and 10 months, and it became operational on October 27, 2018 and started to accept patients. The transfer date of Eskişehir City Hospital to the Ministry of Health is December 31, 2044.

Tekirdağ City Hospital started its operations on December 5, 2020 with the admission of patients with the actual completion certificate dated November 30, 2020. The transfer date of Tekirdağ City Hospital to the Ministry of Health is February 1, 2043.

The amount of the usage rental fee for the financial assets arising from the concession agreements is between the Ministry of Health and the Group, during the contract period for Isparta and Eskişehir City Hospitals and during the term of the loan used for project financing for Tekirdağ City Hospital, provided that it is not lower than the base amount determined for each relevant period and not higher than the ceiling amount (and for Tekirdağ City Hospital, after the loan term, until the end of the contract period). subject to the ceiling amount), the usage rent is determined by updating the usage rent on a quarterly basis depending on inflation (and if the loan used for project financing is in foreign currency, including a protection against changes in the exchange rate). Financial assets are measured at their fair value by discounting the expected use price returns in the future period. Year-based CPI and exchange rate estimates were used to determine the expected usage price in the future period. In the prepared projection, the CPI is based between 42% and 12% between 2024-2028 and between 8.5% and 5.4% in the following years, and the long-term exchange rate expectation for both the US Dollar and the Euro is taken into account in a way that increases with the average of the CPI and PPI, which are used to be indexed to inflation.

Since the usage rental fee amounts for financial assets arising from concession contracts are determined to remain between the ceiling and the floor despite exchange rate and inflation changes, the sensitivity analysis of discount rates affecting the fair value of concession contract assets is given in Note 34.

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10. FINANCIAL ASSETS RELATED TO CONCESSION AGREEMENTS (cont'd)

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

	December 31, 2023	December 31, 2022
Isparta City Hospital		
Short-term financial assets related to concession agreements (*)	879,459	891,504
Long-term financial assets related to concession agreements (*)	7,231,959	6,807,560
	8,111,418	7,699,064
Eskişehir City Hospital		
Short-term financial assets related to concession agreements (*)	1,349,339	1,343,518
Long-term financial assets related to concession agreements (*)	12,037,076	11,055,661
	13,386,415	12,399,179
Tekirdağ City Hospital		
Short-term financial assets related to concession agreements (*)	763,723	763,112
Long-term financial assets related to concession agreements (*)	4,926,010	4,849,698
	5,689,733	5,612,810
Total City Hospital		
Short-term financial assets related to concession agreements (*)	2,992,521	2,998,134
Long-term financial assets related to concession agreements (*)	24,195,045	22,712,919
Total	27,187,566	25,711,053

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

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

For the years ended December 31, 2023 and 2022, financial asset movements are as follows:

	2023	2022
January 1	25,711,053	33,685,004
Increase in value arising from the calculation of fair value of Service Concession Agreements (Note 28)	17,931,043	9,731,861
Collections	(3,100,810)	(3,381,874)
Monetary loss	(13,353,720)	(14,323,938)
December 31	27,187,566	25,711,053

11. INVESTMENT PROPERTIES

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

	December 31, 2023	December 31, 2022
Investment properties	2.769.682	3.652.661
	2.769.682	3.652.661

As of December 31, 2022 pledge on property, plant and equipment and investment property is TRY 3,981,326 (December 31, 2022: TRY 4,170,106).

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11. INVESTMENT PROPERTIES (cont'd)

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

	December 31, 2023	December 31, 2022
Building	2,078,238	1,995,995
Land	691,444	1,626,084
Hotel	-	30,582
	2,769,682	3,652,661

For the years ended at December 31, 2023 and 2022, the movement table of investment properties is as follows:

	2023	2022
January 1	3,652,661	3,529,059
Transfer to inventories (Note 16)	(78,873)	(141,387)
Fair value increase (Note 28)	208,417	378,335
Disposals	(149,607)	(113,346)
Changes within the scope of consolidation (*)	(862,916)	-
December 31	2,769,682	3,652,661

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

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

December 31, 2023	Fair value level		
	1. Level TRY	2. Level TRY	3. Level TRY
Investment properties – Building	-	1,726,628	351,610
Investment properties – Land	-	691,444	-
December 31, 2022	Fair value level		
	1. Level TRY	2. Level TRY	3. Level TRY
Investment properties – Hotel	-	30,582	-
Investment properties – Building	-	1,566,759	429,236
Investment properties – Land	-	1,626,084	-

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12. DERIVATIVE INSTRUMENTS

Derivative instruments consist of interest rate swap transactions.

As of December 31, 2023 and 2022, assets from derivative instruments are as follows:

	December 31, 2023	December 31, 2022
Assets from derivative instruments – Short-term	281,429	253,922
Assets from derivative instruments – Long-term	280,821	607,122
Total	562,250	861,044

December 31, 2023			
	<u>Currency</u>	<u>Original contract value</u>	<u>Asset</u>
Derivative assets	US Dollar	86.915.701	207.287
Derivative assets	Euro	265.719.297	354.963
Total			562.250

December 31, 2022			
	<u>Currency</u>	<u>Original contract value</u>	<u>Asset</u>
Derivative assets	US Dollar	89,201,755	164,699
Derivative assets	Euro	276,287,791	696,345
Total			861.044

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

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13. RIGHT OF USE ASSETS

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

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

	December 31, 2023	December 31, 2022
Right of use assets (*)	494,544	28,499
Total	494,544	28,499

(*) As of December 31, 2023, the assets of the right of use consist of land leases and forest permits related to Akfen Renewable Energy's power plants. (December 31, 2022: These are the right-of-use assets that are accounted for in relation to the rents of the land leased by Akfen Merter for a period of 30 years in Zeytinburnu Merkez Efendi Mah., Istanbul, and on which the project is under development. The contract of the relevant project was unilaterally terminated by the Regional Directorate of Foundations. The lawsuit for compensation for possible negative and positive damages incurred by the Group due to the unilateral termination of the contract continues. As of December 31, 2023, the right-of-use assets created in the financial statements have been canceled due to Akfen Construction's decision that it will no longer develop the relevant project.)

As of December 31, 2023 and 2022, the movement table of right of use assets is as follows:

	2023	2022
January 1	28,499	28,993
Amortization expense	(14,250)	(494)
Additions	5,836	-
Change in scope of consolidation (Note 3)	504,125	-
Cancellation of right of use of assets (*)	(28,275)	-
Disposals	(1,391)	-
December 31	494,544	28,499

(*) These are the right-of-use assets that are accounted for in relation to the rents of the land leased by Akfen Merter for a period of 30 years in Istanbul Zeytinburnu Merkez Efendi Mah., on which the project is under development. The contract of the relevant project was terminated unilaterally by the Regional Directorate of Foundations. The lawsuit for compensation for possible negative and positive damages incurred by the Group due to the unilateral termination of the contract continues. As of December 31, 2023, the right-of-use assets created in the financial statements have been canceled due to Akfen Construction's decision that it will no longer develop the relevant project.

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14. TANGIBLE ASSETS

The movements of tangible assets as of December 31, 2023 are as follows:

Cost	Land and buildings	Machinery and equipment	Vehicles	Furnitures and fixtures	Ongoing investments	Special costs	Other	Total
Balance as of January 1, 2023	104,829	33,072	75,061	268,442	83,296	170,767	1,808	737,275
Additions	6,696	31,777	24,626	17,726	109,386	434	6,614	197,259
Fair value decrease(*)	(8,751)	(110,674)	-	-	(83,294)	-	-	(202,719)
Revaluation reserve	-	2,346,730	-	-	-	-	-	2,346,730
Change in scope of consolidation (Note 3)	-	31,499,068	5,511	32,592	27,439	21,555	-	31,586,165
Disposals	-	-	(4,666)	-	-	-	-	(4,666)
Balance as of December 31, 2023	102,774	33,799,973	100,532	318,760	136,827	192,756	8,422	34,660,044
Accumulated depreciation								
Balance as of January 1, 2023	12,110	20,920	38,972	195,285	-	59,511	683	327,481
Current period depreciation	3,207	670,992	15,299	27,858	-	24,320	550	742,226
Change in scope of consolidation (Note 3)	-	3,894,818	2,411	21,314	-	18,400	-	3,936,943
Disposals	-	-	(156)	-	-	-	-	(156)
Balance as of December 31, 2023	15,317	4,586,730	56,526	244,457	-	102,231	1,233	5,006,494
Net book value as of January 1, 2023	92,719	12,152	36,089	73,157	83,296	111,256	1,125	409,794
Net book value as of December 31, 2023	87,457	29,213,243	44,006	74,303	136,827	90,525	7,189	29,653,550

(*) The impairment in the investments being made as of December 31, 2023 is the depreciation of Akfen Construction's expenditures regarding the hotel project planned to be built in Bafra, TRNC, due to the decision that the project will not be carried out as of December 31, 2023.

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14. TANGIBLE ASSETS (cont'd)

The movements of tangible assets as of December 31, 2022 are as follows:

Cost	Land and buildings	Machinery and equipment	Vehicles	Furnitures and fixtures	Ongoing investments	Special costs	Other	Total
Balance as of January 1, 2022	70,271	32,795	76,778	238,019	71,956	130,796	1,808	622,423
Additions	135	277	3,793	30,584	11,340	39,971	-	86,100
Disposals	-	-	(5,510)	(161)	-	-	-	(5,671)
Fair value increase (*)	34,423	-	-	-	-	-	-	34,423
Balance as of December 31, 2022	104,829	33,072	75,061	268,442	83,296	170,767	1,808	737,275
Accumulated depreciation								
Balance as of January 1, 2022	9,919	17,110	29,518	172,537	-	36,645	419	266,148
Current period depreciation	2,191	3,810	12,463	22,877	-	22,866	264	64,471
Disposals	-	-	(3,009)	(129)	-	-	-	(3,138)
Balance as of December 31, 2022	12,110	20,920	38,972	195,285	-	59,511	683	327,481
Net book value as of January 1, 2022	60,352	15,685	47,260	65,482	71,956	94,151	1,389	356,275
Net book value as of December 31, 2022	92,719	12,152	36,089	73,157	83,296	111,256	1,125	409,794

As of December 31, 2023, the depreciation expense of tangible assets, intangible assets and right of use assets in total amounting to TRY 849,115 respectively, amounting to TRY 742,226, TRY 92,639 and TRY 14,250, was recognized in cost of sales amounting to TRY 788,643 and general administrative expenses amounting to TRY 60,472 (December 31, 2022: A total of TRY 90,339 respectively, tangible fixed assets TRY 64,471, intangible assets TRY 25,374, right of use assets TRY 494 of depreciation expense, was accounted in cost of sales amounting to TRY 29,258 and in general administrative expenses amounting to TRY 61,083) (Note 13 and Note 15)

As of December 31, 2023, the amount of mortgages and pledges on the power plants belonging to Akfen Renewables, which are under tangible fixed assets, is TRY 35,964,734 (December 31, 2022: Akfen Renewables is recognized as an investment valued by the equity method).

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15. INTANGIBLE ASSETS

The movements of intangible assets as of December 31, are as follows:

Cost	Rights	Other	Goodwill	Total
Balance as of January 1, 2022	522,016	101,788	-	623,804
Additions	-	2,788	-	2,788
Balance as of December 31, 2022	522,016	104,576	-	626,592
Balance as of January 1, 2023	522,016	104,576	-	626,592
Additions	1,969	5,192	-	7,161
Change in scope of consolidation (Note 3)	2,803,475	157,941	156,406	3,117,822
Fair value decrease (*)	(195,679)	-	-	(195,679)
Balance as of December 31, 2023	3,131,781	267,709	156,406	3,555,896
Accumulated amortization	Haklar	Diğer	-	Toplam
Balance as of January 1, 2022	73,485	71,164	-	144,649
Current period amortization	9,970	15,404	-	25,374
Balance as of December 31, 2022	83,455	86,568	-	170,023
Balance as of January 1, 2023	83,455	86,568	-	170,023
Current period amortization	69,645	22,994	-	92,639
Change in scope of consolidation (Note 3)	424,305	33,008	-	457,313
Fair value decrease (*)	(17,202)	-	-	(17,202)
Balance as of December 31, 2023	560,203	142,570	-	702,773
Net book value as of January 1, 2022	448,531	30,624	-	479,155
Net book value as of December 31, 2022	438,561	18,008	-	456,569
Net book value as of December 31, 2023	2,571,578	125,139	156,406	2,853,123

(*) Among the rights, there are also the assets of Akfen Merter that are accounted for in relation to the lease of the land that it has leased for a period of 30 years in Zeytinburnu Merkez Efendi Mah., Istanbul, and on which the project is under development. The contract of the relevant project was terminated unilaterally by the Regional Directorate of Foundations. The lawsuit for compensation for possible negative and positive damages incurred by the Group due to the unilateral termination of the contract continues. As of December 31, 2023, TRY 94,614 of assets created in the financial statements were canceled due to Akfen Construction's decision that it would no longer develop the relevant project. In addition, the impairment of TRY 101,065 is the difference between the value of the upper right asset of Hacettepe Teknokent recognized under intangible assets and the fair value determined by the valuation firm registered with the CMB as of December 31, 2023.

16. INVENTORIES

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

	December 31, 2023	December 31, 2022
Finished goods (*)	144,264	104,472
Semi-finished products (**)	68,815	-
Food and beverage stocks	27,706	25,243
Total	240,785	129,717

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

(**) As of December 31, 2023, semi-finished products consist of the amounts related to the villa project developed by the Company in Ankara Incek region.

As of December 31, 2023 and 2022 the movement of inventories is as follows:

	2023	2022
January 1	129,717	93,512
Additions	126,071	20,401
Disposals	(93,876)	(125,582)
Transfers from investment properties (Note 11)	78,873	141,387
December 31	240,785	129,717

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

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17. DEFERRED REVENUES / OBLIGATIONS ARISING FROM CUSTOMER CONTRACTS

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

	December 31, 2023	December 31, 2022
Deferred revenue from related parties (Note 32)	67,249	28,527
Deferred revenue from third parties	357,885	53,789
- Advances received (*)	326,020	1,364
- Hotel lease revenues (**)	31,865	52,315
- Other	-	110
Total	425,134	82,316

(*) As of December 31, 2023, TRY 124 mn of the relevant balance consists of advances collected in advance by Akfen Construction for the machinery and equipment to be purchased by Vakıf Leasing from Akfen Construction regarding the financial leasing agreement for the goods to be leased by Fıratcan Tourism from Vakıf Leasing as a lessee. TRY 119.2 mn consists of advances received for Akfen Construction's Croatia project and TRY 80.4 mn for Hatay project.

(**) Hotel lease revenue consists of rent collected in advance for the months after the reporting period related to Bodrum Loft Hotel as of December 31, 2023 and 2022.

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

Long term obligations arising from customer contracts	December 31, 2023	December 31, 2022
Short-term obligations arising from customer contracts (***)	328,806	-
Total	328,806	-

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

Long term obligations arising from customer contracts	December 31, 2023	December 31, 2022
Long term obligations arising from customer contracts (***)	501,724	467,920
Total	501,724	467,920

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

18. PROVISIONS

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

	December 31, 2023	December 31, 2022
Unused vacation provision	42,210	31,009
Other provisions (*)	40,552	54,167
Toplam	82,762	85,176

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

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

	December 31, 2023	December 31, 2022
Provision for severance pay	69,365	31,072
Other provisions ⁽¹⁾	6,018	-
Toplam	75,383	31,072

⁽¹⁾ It consists of Akfen Renewable Energy's litigation provisions.

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19. GOVERNMENT INCENTIVES AND GRANTS

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

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

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

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

Akfen Construction's hospital projects are subject to corporate tax at reduced rates, effective from the financial year in which the investment is partially or fully operational until the investment reaches the contribution amount. In this context, the Group recognizes the tax advantage that it expects to benefit from investment incentive companies as deferred tax asset in the financial statements. As a result of the incentive certificate applications made by Isparta City Hospital, Eskişehir City Hospital and Tekirdağ City Hospital, which are indirect subsidiaries of the Group, to the General Directorate of Incentive Implementation and Foreign Capital of the Ministry of Economy of the Republic of Turkey, the incentive applications for the investments of Isparta City Hospital, Eskişehir City Hospital and Tekirdağ City Hospital with the Public Private Partnership model are given Project-Based State Aid for Investments put into effect by the decision of the Council of Ministers and approved by the Council of Ministers on 26 February 2015, 8 November 2017 and 25 January 2018, respectively. Isparta City Hospital has incentive certificates numbered 118061, Eskişehir City Hospital 133596 and Tekirdağ City Hospital 135097. After the investment amount subject to the incentive, the revisions made and the revaluations made according to the revaluation rates determined every year according to the General Communiqué of the Tax Procedure Law published in the Official Gazette, as of December 31, 2023, it reached TRY 1,850,769, TRY 1,091,470 and TRY 1,755,618, respectively (December 31, 2022: TRY 1,924,502, TRY 1,134,954 and TRY 1,825,560, respectively). The incentives that the investment benefits from are as follows:

- Corporate Tax Deduction (tax deduction rate: 50% for Eskişehir City Hospital, 55% for Isparta City Hospital and Tekirdağ City Hospital, contribution rate to investment: 15% for Eskişehir City Hospital, 20% for Isparta City Hospital and Tekirdağ City Hospital),

- VAT Exemption,

Deferred tax assets are recorded if it is determined that taxable income is likely to occur in future years. Where taxable income is likely to occur, deferred tax assets are calculated on the basis of deductible temporary differences, financial losses, and tax benefits earned due to investment allowances that allow for the payment of reduced corporate tax. In this context, the Group bases the reflection of deferred tax assets arising from investment incentives in the consolidated financial statements on long-term plans, and evaluates the recoverability of deferred tax assets related to such investment deductions as of each balance sheet date, based on business models that include taxable profit estimates. This incentive should be used until the transfer of the hospital to the Ministry of Health, and the estimation of the amount subject to exemption in the following years was made on the basis of the year-end CPI projection. Year-based CPI and exchange rate estimates were used in the profit and loss projections of the hospital. In the prepared projection, the CPI is based between 42% and 12% between 2024-2028 and between 8.5% and 5.4% in the following years, and the long-term exchange rate expectation for both the US Dollar and the Euro is taken into account in a way that increases with the average of the CPI and PPI, which are used to be indexed to inflation. In the corporate tax projection, the current accumulated loss positions of hospitals are taken into account.

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

The Group creates a tax asset on all of these investment incentives to be used in future periods. As a result of the projections and evaluations it has made, the Group expects the deferred tax assets arising from investment incentives to be used until the end of the operating period.

The deferred tax effect corresponding to the current period tax from investment incentives is TRY 1,733,161 (December 31, 2022: TRY 2,693,737) and as of December 31, 2023, the deferred tax asset from investment incentives included in the deferred tax asset in the consolidated financial statements is TRY 4,697,857 (December 31, 2022: TRY 4,885,016).

In the sentiment analysis carried out as of December 31, 2023, there was no change in the projected recovery periods of deferred tax assets related to investment incentives during the operation period when the inputs included in the basic macroeconomic and sectoral assumptions constituting the business plans were increased/decreased by 10%.

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

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

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20. INVESTMENTS ACCOUNTED USING THE EQUITY METHOD

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

	<u>Shareholding</u> <u>Rates (%)</u>	<u>December 31,</u> <u>2023</u>	<u>Shareholding</u> <u>Rates (%)</u>	<u>December 31,</u> <u>2022</u>
Acacia Mine ⁽¹⁾	42.50	4,102,971	25,50	1,975,265
Akfen REIT	13.94	2,182,827	13,94	1,786,274
MDO ⁽²⁾	50.00	-	50,00	-
Biz Mining ⁽³⁾	50.00	-	100,00	-
Akfen Water ⁽⁴⁾	100.00	-	50,00	48,810
Akfen Renewable ⁽⁵⁾	66.50	-	66,91	8,751,328
		6,285,798		12,561,678

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

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

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

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

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

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

The Group's shares in the profits or losses of its investments accounted using the equity method in the profit or (loss) statement for periods ended on December 31 are as follows:

	<u>2023</u>	<u>2022</u>
Akfen REIT ⁽¹⁾	101,262	245,026
Acacia Mine ⁽²⁾	897,004	596,301
MDO ⁽³⁾	(331,139)	(593,590)
Biz Mining ⁽⁴⁾	(3,000)	-
Akfen Renewable ⁽⁵⁾	-	(1,054,774)
Akfen Water ⁽⁶⁾	-	(18,283)
	664,127	(825,320)

⁽¹⁾ After the share sale on November 14, 2022, the ownership rate of Akfen REIT decreased from 23.94% to 13.94%. Profit or loss items of Akfen REIT were consolidated at the rate of 23.94% which is the pre-sale ownership rate and the closest accounting period to the share sale date until September 30, 2022 and at the rate of 13.94% which is the ownership rate after the share sale on November 14, 2022 between September 30, 2022 to December 31, 2023.

⁽²⁾ After the share sale on July 22, 2022, the ownership rate of Acacia Mine decreased from 30% to 25.5%. Profit or loss items of Acacia Mine were consolidated at the rate of 30% which is the pre-sale ownership rate and the closest accounting period to the share sale date until June 30, 2022 and at the rate of 25.5% which is the ownership rate after the share sale on July 22, 2022 between June 30, 2022 to December 31, 2022. On March 31, 2023, the Company purchased 20% of Acacia Mine's shares from İzbir Mine, and its ownership rate increased to 45.5%. Profit or loss items of Acacia Mine were consolidated at the rate of 25.5% before the share purchase until March 31, 2023 and at the rate of 45.5% after the share purchase from March 31, 2023 until December 31, 2023.

⁽³⁾ The said loss figures consist of the capital sent to MDO within the scope of the guarantee in the relevant periods.

⁽⁴⁾ On January 2, 2023, the Company transferred 50% of the shares of Biz Mining, of which it owns all shares, to İlbak Mining, and as of December 31, 2022, Biz Mining, a subsidiary of the Company, became a business partnership as of December 31, 2023 and started to be accounted for by equity method. The loss figure in question consists of the capital sent in the relevant period.

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

⁽⁶⁾ On January 5, 2023, the Company completed the purchase of 50% of the shares of TASK Water B.V. in Akfen Water, and Akfen Water, which was the Company's joint venture as of December 31, 2022, became a subsidiary as of December 31, 2023.

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

As of December 31, 2023 and 2022, the movements in investments accounted using the equity method are as follows:

	<u>January 1, 2023</u>	<u>Period profit/(loss)</u>	<u>Other equity movements</u>	<u>Liability cap adjustment (*)</u>	<u>Other adjustments related to profit or loss in consolidation (**)</u>	<u>Share sale (Note 3)</u>	<u>December 31, 2023</u>
Akfen Renewable	8,751,329	-	-	-	-	(8,751,329)	-
Akfen REIT	1,786,274	101,262	295,291	-	-	-	2,182,827
Acacia Mine	1,975,265	907,970	82,186	-	(10,966)	1,148,516	4,102,971
Akfen Water	48,810	-	-	-	-	(48,810)	-
MDO	-	(1,583,848)	331,139	1,252,709	-	-	-
Biz Mining	-	(1,033)	3,000	(1,967)	-	-	-
	12,561,678	(575,649)	711,616	1,250,742	(10,966)	(7,651,623)	6,285,798

	<u>January 1, 2022</u>	<u>Period profit/(loss)</u>	<u>Other equity movements</u>	<u>Liability cap adjustment (*)</u>	<u>Other adjustments related to profit or loss in consolidation (**)</u>	<u>Share sale</u>	<u>December 31, 2022</u>
Akfen Renewable	9,594,493	(1,054,774)	211,610	-	-	-	8,751,329
Akfen REIT	2,783,565	245,026	(26,461)	-	-	(1,215,856)	1,786,274
Acacia Mine	1,878,582	619,717	(132,826)	-	(23,416)	(366,792)	1,975,265
Akfen Water	67,044	(18,283)	49	-	-	-	48,810
MDO	-	(1,807,973)	593,590	1,214,383	-	-	-
	14,323,685	(2,016,287)	645,962	1,214,383	(23,416)	(1,582,648)	12,561,678

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

(**) Acacia Mine's net assets include assets related to mineral reserves and goodwill. Depreciation expense amounting to TRY 27,833 (December 31, 2022: TRY 29,271) and deferred tax income amounting to TRY 6,958 (December 31, 2022: TRY 5,854) belonging to the assets related to the mineral reserve accounted in the "Share of income/(loss) from investments accounted using the equity method" in the consolidated financial statement of profit or loss.

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

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

Akfen Renewable Energy:

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

Summary financial information on Akfen Renewable Energy as of December 31, 2023 and 2022 is provided below:

	<u>December 31, 2022</u>
Total Assets	33,704,193
Total Liabilities	18,504,153
Net Assets	15,200,040
Group's share in Akfen Renewable Energy's net assets	<u>10,170,347</u>
Change in the share of partnership (*)	(1,419,018)
Carrying value	<u>8,751,329</u>
	<u>January 1- December 31, 2022</u>
Revenue	4,937,829
Gross profit	2,874,492
General administrative expenses	(115,937)
Other operating income expense, net	(5,247,946)
Operating profit	(2,489,391)
Profit before tax	(2,059,179)
Profit after tax	(1,575,721)
Profit for the year from parent company shares	(1,576,408)
Group's share in Akfen Renewable's profit for the period	<u>(1,054,775)</u>
Depreciation and amortization expenses	857,922

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

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

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

Akfen REIT:

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Total Assets	23,380,446	20,509,587
Total Liabilities	7,721,727	7,695,572
Net Assets	15,658,719	12,814,015
Group's share in Akfen REIT's net asset	<u>2,182,827</u>	<u>1,786,274</u>

	<u>January 1- December 31, 2023 (*)</u>	<u>January 1- December 31, 2022 (*)</u>
Revenue	1,094,905	946,350
Gross profit	1,057,219	908,627
General administrative and selling marketing expenses	(78,634)	(38,459)
Other operating income, net	484,104	2,190
Operating profit	51,243	222,272
Profit before tax	1,513,932	1,094,630
Profit after tax	593,716	1,547,255
Profit for the period from parent company shares	731,162	1,364,204
Group's share in Akfen REIT's profit for the period	<u>726,414</u>	<u>1,332,820</u>
Depreciation and amortization expenses	<u>101,262</u>	<u>245,026</u>
Revenue	<u>5,650</u>	<u>7,150</u>

(*) After the share sale on November 14, 2022, the ownership rate of Akfen REIT decreased from 23.94% to 13.94%. Profit or loss items of Akfen REIT were consolidated at the rate of 23.94% which is the pre-sale ownership rate and the closest accounting period to the share sale date until September 30, 2022 and at the rate of 13.94% which is the ownership rate after the share sale on November 14, 2022 between September 30, 2022 to December 31, 2023.

As of December 31, 2023 and December 31, 2022, the fair value of the investment properties owned by Akfen REIT was calculated by a real estate appraisal company included in the list of "Real Estate Appraisal Firms" registered with the CMB. The fair value of investment properties has been determined by discounting the free cash flows that these properties will generate in the coming years to the present. The valuations are based on the lease period of the relevant upper right in the projects developed on the lands with the upper right, and a projection period in accordance with the lease agreement period in the projects developed on the lands owned by Akfen REIT. The cash flows obtained from the projections were discounted to the present with a discount rate appropriate to the risk level of the economy, the sector and the enterprise, and the values of the investment properties were calculated.

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

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

MDO

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Total Assets	4,886,170	8,101,537
Total Liabilities	11,530,576	13,925,572
Net Assets	<u>(6,644,406)</u>	<u>(5,824,035)</u>
Group's share in MDO's net asset	<u>(3,322,203)</u>	<u>(2,912,018)</u>
	<u>January 1- December 31, 2023</u>	<u>January 1- December 31, 2022</u>
Revenue	1,301,800	2,082,694
Gross profit	108,997	(3,272)
General administrative and selling marketing expenses	(124,097)	(179,219)
Other operating expense, net	(27,326)	(26,395)
Share of profit from investments accounted using the equity method	17,061	7,426
Operating profit	(25,365)	(201,460)
Loss before tax	(3,167,696)	(3,615,946)
Loss after tax	(3,167,696)	(3,615,946)
Loss for the period from parent company shares	(3,167,696)	(3,615,946)
Group's share in MDO's loss for the period	<u>(1,583,848)</u>	<u>(1,807,973)</u>
Group share of MDO recognized as loss for the period	<u>(331,139)</u>	<u>(593,590)</u>
Depreciation and amortization expenses	<u>176,033</u>	<u>116,560</u>

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

Akfen Water:

On January 5, 2023, the Company completed the acquisition of 50% of the shares of TASK Water B.V. in Akfen Water, and Akfen Water, which was a joint venture of the Company as of December 31, 2022, became a subsidiary of the Company as of December 31, 2023.

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

	<u>December 31, 2022</u>
Total Assets	107,666
Total Liabilities	10,045
Net Assets	97,621
Group's share in the net assets of Akfen Water	48,810
	<u>January 1- December 31, 2022</u>
Revenue	56,942
Gross profit	7,982
General administrative expenses	(23,848)
Other operating (expense)/income, net	(63)
Operating loss	(15,929)
Profit before tax	(40,144)
Profit after tax	(36,567)
Profit for the period from parent company shares	(36,567)
Group's share in Akfen Water's profit for the period	(18,283)
Depreciation and amortization expenses	394

Acacia Mine:

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Total Assets	11,530,566	11,942,846
Total Liabilities	2,697,960	4,973,447
Net Assets	8,832,606	6,969,399
Group's share in the net assets of Acacia Mine	3,753,858	1,777,197
Mining property reserves (*)	134,650	177,302
Goodwill carried at Group level (*)	214,463	20,766
Carrying value	4,102,971	1,975,265
	<u>January 1- December 31, 2023 (*)</u>	<u>January 1- December 31, 2022</u>
Revenue	5,468,952	6,146,795
Gross profit	2,368,142	2,318,383
General administrative and selling marketing expenses	(644,658)	(542,038)
Other operating (expense)/income, net	(137,128)	125
Operating profit	1,586,356	1,776,470
Profit before tax	1,200,079	1,902,677
Profit after tax	1,927,104	2,082,716
Profit for the period from parent company shares	1,927,104	2,082,716
Group's share in Acacia Mine's profit for the period before purchase price allocation	907,970	619,717
Group's share in Acacia Mine's profit for the period after purchase price allocation (**)	897,004	596,301
Depreciation and amortization expenses	823,958	940,311

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

Acacia Maden (devamı)

(*) Acacia Mine's net assets include assets related to the mineral reserve and goodwill. On March 31, 2023, 20% of Acacia Maden's shares were purchased by the Group, and TRY 198,723, which is the difference between the acquired share value and the purchase price of Acacia Maden on the date of acquisition, was recognized as "Goodwill" under "Investments Valued by Equity Method" (Note 3). Depreciation expense amounting to TRY 27,833 (December 31, 2022: TRY 29,271) and deferred tax income amounting to TL 6,958 (December 31, 2022: TRY 5,854) belonging to assets related to mineral reserves in the accounting period ended December 31, 2023 were recognized under the item "Shares from profits/(losses) of investments valued by the equity method" in the consolidated profit or loss statement.

(**) After the share sale that took place on July 22, 2022, Acacia Mine's ownership percentage has decreased from 30% to 25.5%. Acacia Mine's profit or loss items have been consolidated at the ownership percentage of 30% prior to the share sale, which corresponds to the closest accounting period to the share sale date, June 30, 2022, and at the ownership percentage of 25.5% from June 30, 2022 to December 31, 2022, following the share sale on July 22, 2022. After the share sale that took place on July 22, 2022, Acacia Mining's ownership percentage has decreased from 30% to 25.5%. Acacia Mining's profit or loss items have been consolidated at the ownership percentage of 30% prior to the share sale, which corresponds to the closest accounting period to the share sale date, June 30, 2022, and at the ownership percentage of 25.5% from June 30, 2022 to December 31, 2022, following the share sale on July 22, 2022.

On April 27, 2014, Acacia Mine received an investment incentive certificate from the Ministry of Economy in the "Large-Scale Investment" plan for its mining facility in Kastamonu. Within the scope of this incentive, 40% of the total investment amount constitutes the basis for tax exemption, and 80% of the future tax amount of the company will not be paid within the scope of the incentive until the tax exemption reaches the base amount.

21. COMMITMENTS

Letters of guarantee, pledges and mortgages given

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

<u>GPM given by the Group</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
A. Total Amount of GPM Given on Behalf of Own Legal Entity	90,884,462	55,151,311
B.Total Amount of GPM Given in Favor of		
Partnerships which are Fully Consolidated	2,698,694	878,042
C.Total Amount of GPM Given for Assurance of Third Parties		
Debts in Order to Conduct Usual Business Activities		
D. Total Amount of Other GPM Given	-	-
i. Total Amount of GPM Given in Favor of the Parent Company	2,042,818	6,423,679
ii. Total Amount of GPM Given in Favor of Other Group		
Companies which B and C do not comprise	-	-
iii. Total Amount of GPM Given in Favor of Third Parties		
which C does not comprise		
A. Total Amount of GPM Given on Behalf of Own Legal Entity	2,042,818	6,423,679
B.Total Amount of GPM Given in Favor of	-	-
Total	95,625,974	62,453,032

As of December 31, 2023, the ratio of other GPM given by the Company to equity is %4 (December 31, 2022: %19)

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

	December 31, 2023 (*)			December 31, 2022 (*)		
	TRY	Euro	US Dollar	TRY	Euro	US Dollar
GPM given on behalf of the Group's own legal entity	1,519,974	33,769,165	55,595,323	321,605	33,780,060	21,049,646
GPM given in favor of companies under full consolidation	323,861	373,643	2,001,190	346,936	376,780	154,326
Total of other GPMs given	562,730	46,946	1,433,142	242,216	170,016	6,011,447
	2,406,565	34,189,754	59,029,655	910,757	34,326,856	27,215,419

(*) All amounts are expressed in TRY equivalent.

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22. FINANCIAL INVESTMENTS

Short-term financial investments

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

	December 31, 2023	December 31, 2022
Financial assets at fair value through profit or loss	2,012,288	1,191,290
Total short-term financial investments	2,012,288	1,191,290

Long-term financial investments

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

	December 31, 2023	December 31, 2022
Financial assets at fair value through profit or loss	1,855,757	2,930,401
Financial assets at fair value through other comprehensive income	9,301,237	9,365,661
Total long-term financial investments	11,156,994	12,296,062

Financial assets at fair value through profit or loss

As of December 31, 2023 and 2022, TRY 67,608 of the financial assets whose short and long term fair value differences are reflected to profit/loss consist of the currency-protected deposits and the remaining amount consists of Group's bonds and investment funds with a maturity of more than 3 months, and all of these assets are in US currency.

As of December 31, 2023, fair value loss amount of TRY 678.963 related to the mentioned assets is accounted in the consolidated statement of income or expense (Note 30) (December 31, 2022: TRY 1,136,292 fair value loss).

Financial assets at fair value through other comprehensive income

	2023	2022
January 1	9,365,661	10,077,187
Revaluation increases accounted for as other comprehensive income	(65,060)	(711,526)
Change in scope of consolidation (Note 3)	636	-
December 31	9,301,237	9,365,661

As of December 31, 2023, TRY 9,177,300 of other long-term investments consists of MIP, TRY 10,530 of Travalex Group Investment, TRY 98,213 of Tepe Akfen Reformer TAR shares and TRY 14,719 of Tav Investment shares. (December 31, 2022 : MIP; TRY 9,162,119, Travelex; TRY 17,351, Tepe Akfen Reformer TAR; TRY 170,578, Tav Investment; TRY 15,405). Sensitivity analysis regarding the fair value of MIP recognized in the consolidated financial statements of the Group is given in Note 34.

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

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

	December 31, 2023	December 31, 2022
VAT carryforward	95,787	37,588
Other	3,127	1,859
Total	98,914	39,447

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

	December 31, 2023	December 31, 2022
VAT carryforward	73,626	139,502
Prepaid taxes and funds	14,561	1,422
Other	376	1,031
Total	88,563	141,955

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

Other current liabilities

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

	December 31, 2023	December 31, 2022
Advances received ⁽¹⁾	113,016	66,245
Other	437	731
	113,453	66,976

⁽¹⁾ As of December 31, 2023, TRY 98,213 of the advances received by the Group due to the sale of TAR shares and TRY 14,746 (December 31, 2022: TRY 50,828) of the advances received by the Group regarding Acacia Maden consist of the advances received by the Group.

24. EQUITY

Issued Capital

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

	December 31, 2023		December 31, 2022	
Name of shareholder	Share ratio (%)	Share amount	Share ratio (%)	Share amount
Pelin Akın Özalp	47.10	428,652	47,10	428,652
Selim Akın	47.10	428,652	47,10	428,652
Hamdi Akın	3.29	29,902	3,29	29,902
Akfen Holding	2.27	20,648	2,27	20,648
Akfen Tourism	0.24	2,146	0,24	2,146
Nominal	100	910,000	100	910,000
Inflation adjustments on capital	100	3,010,745	100	3,010,745
Total issued capital	100	3,920,745	100	3,920,745

Restricted reserves appropriated from profits

In accordance with Article 520 of the Law no. 6102, reserve fund is allocated for the shares repurchased. As of December 31, 2023, legal reserves in the financial statements is TRY 15.776.012 (December 31, 2022: TRY 15.790.532).

Foreign currency translation differences

As of December 31, 2023 the translation reserve amounting to TRY 778,964 recognized in the equity is comprised of foreign exchange difference arising from the translation of the financial statements of Akfen REIT, TAV Investment, Acacia Mine and Akfen Construction from their functional currency of USD, Euro and Ruble to the presentation currency TRY. (December 31, 2022: TRY 737,798 – Akfen REIT, TAV Investment, Acacia Mine and Akfen Construction - USD, Euro, Ruble).

Currency translation differences recognized in the consolidated statement of profit or loss and other comprehensive income as of December 31, 2023 are TRY 41,166 (December 31, 2022: TRY 13,436).

Tangible asset revaluation increases

As of December 31, 2023, the amount of tangible fixed asset valuation increase fund under equity in the consolidated financial statements of the Group is TRY 185,733 (TRY 166,482 from the power plant valuation of Akfen Renewable, TRY 19,251 consists of valuations for buildings owned by Akfen Construction) (December 31, 2022: TRY 27,536 Akfen Construction). In the other comprehensive income statement for the year ended December 31, 2023, the Group recognized TRY 158,197 including deferred tax income impact (TRY 197,746 excluding deferred tax income impact) and other comprehensive expenses related to cash flow hedging (December 31, 2022: TRY 27,536 including deferred tax income impact, (TRY 34,420 excluding deferred tax income impact)).

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24. EQUITY (cont'd)

Non-controlling interests

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

As of December 31, 2023, the amount classified under non-controlling interests in the balance sheet is TRY 6,881,425 (December 31, 2022: TRY 26,250). The net profit/(loss) of the subsidiaries that are not directly and/or indirectly controlled by the parent company is classified under the "Non-controlling interest" in the consolidated statement of comprehensive income. For the periods ended at December 31, 2023 and 2022, gains of non-controlling interests are TRY 1,413,886 and TRY 5,017, respectively.

Other revaluation and measurement gains

The fair value of MIP, Travelex Group Investment and Tepe Akfen Reformer TAR, which are recognized as financial investments in the Group's financial statements, as of December 31, 2023. It was evaluated within the scope of TFRS 9 standard and occurred in the value of financial investment. TRY 60,994 of the change of TRY 64,044, net of deferred tax, is recognized as revaluation and measurement gains in the Group's consolidated financial statements under accumulated other comprehensive income that will not be reclassified to profit or loss. (December 31, 2022: TRY 675,952 net of the change in the value of the financial investment amounting to TRY 709,750 of deferred tax). As of December 31, 2023, other revaluation and measurement gains recognized under equity in the consolidated financial statements are TRY 736,925 (December 31, 2022: TRY 675,952).

Reserve hedge fund

The Group's hedging losses amounting to TRY 4,863,166 as of December 31, 2023 (December 31, 2022: TRY 5,131,488) are due to Akfen Renewables has started to apply hedge accounting (hedging in cash flow risk) as an accounting policy, one of the application methods specified within the scope of TAS 39, as of July 1, 2020. The Group has recognized other comprehensive expense for hedging cash flow risk in the other comprehensive income statement amounting to TRY 239,249 including the effect of deferred tax income (TRY 299,061, excluding the effect of deferred tax income) for period ended December 31, 2023 (December 31, 2022: TRY 217,593 - including deferred tax income effect, (TRY 271,991 excluding deferred tax income effect)).

Other equity shares

As of February 16, 2023, 85.16% of Akfen Karaköy's 8.53% shares (7.26% of total shares) owned by third parties were taken over by Akfen GT as a deduction for the existing receivables of Akfen GT from the other partners of Akfen Karaköy together with the accrued interest until the share transfer date, and 14.84% of the remaining shares (1.27% of the total shares) by Akfen Holding. After the aforementioned share purchase, Akfen GYO's direct and indirect ownership in Akfen Karaköy became 98.73%. On May 2, 2023, the Company purchased the 1.27% Akfen Karaköy shares belonging to Akfen Holding for TRY 16,049 and with the aforementioned share transfer, Akfen Karaköy became a 100% subsidiary of the Company. After the said share purchase, Akfen REIT's direct and indirect ownership in Akfen Karaköy was 100% as of December 31, 2023 (December 31, 2022: 91.47%). As a result, as of December 31, 2023, the difference between the total purchase and the share value which has an impact on the Company's financials amounting to TRY (22,921) has been accounted for in other equity shares (December 31, 2022: None)

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25. SALES AND COST OF SALES

he breakdown of revenue for the periods ended December 31 is as follows:

	<u>January 1- December 31, 2023</u>	<u>January 1- December 31, 2022</u>
<u>Construction revenues</u>		
Yalıkavak project incomes ⁽¹⁾	216,592	-
Croatia project incomes ⁽²⁾	177,052	-
Hatay project incomes ⁽³⁾	131,742	-
İskenderun project incomes ⁽⁴⁾	8,812	-
Amasya project incomes ⁽⁵⁾	1,777	-
<u>Operational revenues</u>		
Electricity sales revenues	4,363,237	-
Hospital service revenues ⁽⁶⁾	1,671,408	1,310,998
Accommodation income ⁽⁷⁾	173,475	134,651
Commercial area revenues	170,342	132,496
Apartment sales revenues ⁽⁸⁾	118,294	217,395
Dormitory revenues	25,692	22,783
Rent revenues	20,950	24,451
Waste management service revenues	6,646	-
Other	34,958	61,688
Sales returns (-)	(27,100)	(9,516)
	7,093,877	1,894,946

⁽¹⁾ These are the construction revenues of the villa project planned to be developed on the Bodrum Yalıkavak land by Akfen REIT.

⁽²⁾ These are the construction revenues obtained for the project awarded and won by Akfen İnşaat and Dost İnşaat (with 60% Akfen-40% Dost İnşaat partnership) for the Renovation and Reconstruction tender of the Sister of Mercy Hospital in Zagreb, Croatia, on 14 May.

⁽³⁾ The construction revenues obtained based on the completion rate of the project related to the joint venture between Akfen Construction and Dost Construction (with a partnership of 55% Akfen and 45% Dost) in the Hatay Emergency Hospitals construction tender held on September 27, 2023.

⁽⁴⁾ The construction revenues obtained based on the completion rate of the project related to the İskenderun State Hospital construction tender, which Akfen İnşaat submitted and won together with Dost İnşaat company (with a partnership ratio of 70% Akfen - 30% Dost), on March 27, 2023.

⁽⁵⁾ The construction revenues obtained based on the completion rate of the project related to the Amasya State Hospital construction tender, which Akfen Construction participated in jointly with Dost Construction company (with a partnership ratio of 55% Akfen - 45% Dost), on June 12, 2023.

⁽⁶⁾ Isparta, Eskişehir and Tekirdağ City Hospitals became operational as of March 2017, October 2018 and November 2020, respectively, and the Group started to generate income from hospital management activities..

⁽⁷⁾ Bodrum Loft Hotel became operational as of July 1, 2020 and the Group started to earn accommodation income. Accommodation revenues also include other revenues such as food, beverages, etc.

⁽⁸⁾ The villa sales revenues of the İncek Loft project.

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25. SALES AND COST OF SALES (cont'd)

The breakdown of revenue for the periods ended December 31 is as follows:

	January 1- December 31, 2023	January 1- December 31, 2022
Hospital service expenses (*)	1,752,680	1,104,710
Depreciation and amortization expenses	788,643	29,258
Construction costs (**)	431,183	166,511
System usage fee	255,375	-
Personnel expenses	304,558	104,858
Maintenance and repair expense	291,819	-
Contribution fee expenses	245,465	-
Insurance expenses	133,433	33,380
Tax and duties expenses	101,557	2,165
Apartment sales expenses	93,879	-
Food and beverage expenses	76,213	64,433
Operational lease expenses	61,414	319,177
Consulting expenses	31,805	-
Energy expenses	16,994	25,637
Other	293,912	67,467
	4,878,930	1,917,596

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

(**) It consists mostly of the expenses of the construction works related to the projects that the Group is ongoing.

26. GENERAL ADMINISTRATIVE EXPENSES

General administrative expenses for the periods ended December 31, are as follows:

	January 1- December 31, 2023	January 1- December 31, 2022
Personnel expenses	335,356	187,161
Consultancy expenses	161,608	47,259
Donations (*)	59,333	13,539
Travel and hosting expenses	63,308	32,500
Depreciation expenses	60,472	61,081
Rent expenses	20,277	12,658
Taxes, duties and fees	18,766	16,907
Office expenses	18,807	13,445
Insurance expenses	8,628	3,884
Advertising expenses	6,691	414
Other	30,578	17,958
	783,824	406,806

(*) As of December 31, 2023, donations consist of earthquake donations and Akfen Construction's donations made related to the Tekirdağ project.

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27. SELLING AND MARKETING EXPENSES

Selling and marketing expenses for the periods ended December 31, are as follows:

	<u>January 1- December 31, 2023</u>	<u>January 1- December 31, 2022</u>
Dues expenses	4,581	4,322
Advertising expenses	2,008	2,325
Other	8,665	6,560
	15,254	13,207

28. OTHER INCOMES AND EXPENSES FROM OPERATING ACTIVITIES

Other incomes from operating activities for the periods ended December 31, are as follows:

	<u>January 1- December 31, 2023</u>	<u>January 1- December 31, 2022</u>
Increase in value due to Service Concession Agreements (Note 10)	17,931,043	9,731,861
Increase in value of tangible assets (*)	2,009,539	-
Increase in value of investment properties (Note 11)	208,417	378,335
Profit on sales of investment properties	29,053	685
Reversal of impairment of receivable	-	19,417
Other (**)	1,318,619	36,984
	21,496,671	10,167,282

(*) It mostly consists of revaluation increases of power plants belonging to Akfen Renewable Energy.

(**) As of December 31, 2023, TRY 1.081.493 of the said amount consists of income from waiver of debts to MIP and its partners

Other expenses from operating activities for the periods ended December 31, are as follows:

	<u>January 1- December 31, 2023</u>	<u>January 1- December 31, 2022</u>
Exchange difference expense	831,326	13,360
Decrease in value of tangible assets (Not 14)	193,968	-
Decrease in value of intangible assets, right of use of assets and leases (*)	180,640	-
Transfer fee expenses (**)	56,821	71,709
Provision for doubtful receivables	39,571	13,254
Impairment of receivables	7,067	-
Litigation expense	548	-
Other (***)	363,159	4,153
	1,673,100	102,476

(*) Akfen Merter had accounted assets, right-of-use assets and liabilities arising from lease agreements related to the lease of the land leased for 30 years in Zeytinburnu Merkez Efendi Mah., Istanbul, on which the project was under development. As of December 31, 2023, TRY 79,575 of the expense from these core activities is the impairment due to the cancellation of the values created in the financial statements due to Akfen Construction's decision that it will no longer develop the relevant project (December 31, 2022: None). The remaining TRY 101,065 impairment consists of the difference between the value of Hacettepe Teknokent's upper right asset recognized under intangible assets and the fair value determined by the valuation firm registered with the CMB as of December 31, 2023 (December 31, 2022: None).

(**) These are the amounts paid and anticipated to be paid to the previous shareholders of Akfen Holding's Hydroelectric Power Plants project companies belonging to Akfen Renewables in accordance with the share transfer agreement.

(***) As of December 31, 2023, within other expenses, there is a total of TRY 322,374 consisting of Group's waived receivables (December 31, 2022: None).

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29. FINANCE INCOMES AND EXPENSES

Finance incomes for the periods ended December 31, are as follows:

	<u>January 1- December 31, 2023</u>	<u>January 1- December 31, 2022</u>
Exchange difference income	1,429,173	1,928,747
Interest income	201,420	320,070
Fair value increases of derivative instruments	4,871	1,626,210
	1,635,464	3,875,027

Finance expenses for the periods ended December 31, are as follows:

	<u>January 1- December 31, 2023</u>	<u>January 1- December 31, 2022</u>
Exchange difference expense	11,537,016	8,508,305
Interest expense	3,412,079	2,059,121
Other	127,553	32,253
	15,076,648	10,599,679

30. INCOMES AND EXPENSES FROM INVESTMENT ACTIVITIES

Incomes from investment activities:

The breakdown of incomes from investment activities for the periods ended December 31, is as follows:

	<u>January 1- December 31, 2023</u>	<u>January 1- December 31, 2022</u>
Gains from the disposal of affiliates, joint ventures and financial investments or changes in their shares (Note 3)	905,131	-
Fair value gains of financial assets (Not 22)	638,588	-
Dividend income (*)	293,211	269,155
Other income from business partners (**)	105,498	123,395
Currency-protected deposit fair value increases	40,375	-
Profit on the sale of tangible assets	4,499	-
Other	2,213	2,106
	1,989,515	394,656

(*) Dividend income as of December 31, 2023 and 2022 consists of dividend income from MIP and Travelex.

(**) It consist of other income from MIP.

Expenses from investment activities:

The breakdown of expenses from investment activities for the years ended December 31, is as follows:

	<u>January 1- December 31, 2023</u>	<u>January 1- December 31, 2022</u>
Loss due to share sale of affiliates/subsidiaries (Note 3)	312,517	639,293
Fair value losses of financial assets (Not 22)	-	1,136,292
Other (*)	101,757	192,084
	414,274	1,967,669

(*) The expenses from other investment activities for the year ending on December 31, 2023, consist of investment expenses related to Grup's Acacia (December 31, 2022: TRY 111,894 for Acacia-related investment expenses, TRY 80,189 for Akfen Renewable-related investment expenses).

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31. TAX ASSETS AND LIABILITIES

a) Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised directly in equity, in such case, the tax is also recognised in shareholders' equity.

The current income tax charge is calculated in accordance with the tax laws enacted or substantively enacted at the balance sheet date in the countries where the subsidiaries and associates of the Group operate. Under the Turkish Tax Code, companies having head office or place of business in Turkey are subject to corporate tax.

Under the Turkish taxation system, tax losses can be carried forward to be offset against future taxable income for five years. Tax losses cannot retrospectively offset against the profits of previous years.

Furthermore, provisional corporate taxes are paid at 25% (2022: 23%) over profits declared for interim periods in 2023 in order to be deducted from the final corporate tax.

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values in the consolidated financial statements. Currently enacted tax rates are used to determine deferred income tax at the balance sheet date.

For the temporary differences that are expected to be realized/closed in the deferred tax calculation, a tax rate of 25% for 2023 (December 31, 2022: %23) is used.

Deferred tax liabilities are recognized for all taxable temporary differences, where deferred tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized.

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31. TAX ASSETS AND LIABILITIES (*cont'd*)

b) Corporate tax

The corporate tax rate is applied to the net corporate income determined by adding non-deductible expenses according to tax laws and subtracting exemptions and deductions specified in tax laws. Corporate tax must be declared by the twenty-fifth day of the fourth month following the end of the relevant year and paid by the end of that month.

Companies declare and pay provisional taxes based on their quarterly financial profits at a rate of 25% (2022: 23%) by the 14th day of the second month following the relevant period, up until the evening of the 17th day. The provisional tax paid during the year will be offset against the corporate tax calculated on the corporate tax return for the following year. If there is any remaining amount after offsetting, it can be refunded in cash or offset.

Corporate tax losses can be carried forward for a maximum period of 5 years following the year in which the losses were incurred. The tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

There is a withholding tax liability on dividend distributions, and this withholding liability is declared in the period when the dividend is paid in cash or on account. Dividend payments are subject to a 15% withholding tax until December 22, 2021, except for non-resident companies that generate income through a workplace or their permanent representative in Turkey, and those made to companies residing in Turkey. However, in accordance with the Presidential Decision No. 4936, published in the Official Gazette dated December 22, 2021 and numbered 31697, the dividend withholding tax rate, which was 15% according to the Income Tax Law No. 193 and the Corporate Tax Law No. 5520, was reduced to 10%.

Dividend payments made to resident corporations in Turkey again from resident companies in Turkey are not subject to income tax. In addition, income tax is not calculated if the profit is not distributed or added to capital.

Turkish tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, tax liabilities, as reflected in these consolidated financial statements, have been calculated on a separate-entity basis.

Gains arising from the investments received within the scope of the hospital project related incentive certificates are subject to corporate tax at a discounted rate to be effective as of the fiscal year in which the investment is started to be fully or partially operated until the investment reaches the contribution amount. In this context, the Company recognizes the tax advantage that it expects to benefit in the foreseeable future in companies with investment incentives as deferred tax asset in the financial statements.

c) Transfer pricing arrangements

In Turkey, transfer pricing arrangements are stated in article 13 of the CTL headed "distribution of concealed gains via transfer pricing". Communiqué of November 18, 2007 on the distribution of concealed gains via transfer pricing regulates practical details.

If a taxpayer trades goods or services with related persons over the fee or price that it sets in breach of the arm's length principle, the gains are considered to be partly or entirely distributed by concealed means via transfer pricing. Such distribution of concealed gains via transfer pricing is considered as non-deductible expenses for corporate tax.

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31. TAX ASSETS AND LIABILITIES (cont'd)

Tax income/(expense)

The details of tax (expense)/income for the years ended December 31, are as follows:

	January 1- December 31, 2023	January 1- December 31, 2023
Current corporate tax expense	(71,287)	(12,323)
Deferred tax expense	115,690	1,073,627
Total tax expense	44,403	1,061,314

	December 31, 2023	%	December 31, 2022	%
Profit before tax	8,694,960		(2,224,700)	
Local tax rate	25%		23%	
Tax expense calculated over tax rate	(2,173,740)	(25)	511,681	(23)
Non-deductible expenses	(454,829)	(5)	(236,350)	11
Tax exemptions and exceptions (*)	557,864	6	179,095	(8)
TFRS enflasyon muhasebesi etkisi	(261,641)	(3)	(1,598,467)	(72)
The effect of the shares in the profits of the investments accounted in equity method	166,032	2	(189,824)	9
The effect of the change in the prior period loss subject to deferred tax income	(69,392)	(1)	-	-
Temporary differences not subject to deferred tax income	(322,924)	(4)	-	-
Current period losses not subject to deferred tax income	(331,552)	(4)	(410,944)	18
The effect of the change in the prior period loss subject to deferred tax income	139,846	2	-	-
Deferred tax calculated on investment incentive	1,733,161	20	2,693,737	(12)
Effect of tax rate differences	(249,416)	(3)	156,562	(1)
Tax expense due to tax base increase	(31,769)	0	-	(7)
Deferred tax effect arising from inflation accounting adjustments in financial statements prepared in accordance with the Tax Procedure Law	1,359,143	16	-	-
Revaluation tax expense	-	-	(3,627)	0
Revaluation deferred tax difference (**)	-	-	(52,432)	2
Other	(16,380)	(0)	11,883	(1)
Total tax income	44,403	1	1,061,314	(48)

(*) Discounts and exemptions consist of the Company's emission premium earnings, participation earnings and exceptions, discounts and exemptions arising from cash capital increase..

(**) As of December 31, 2023, the company revalued its buildings within the scope of the legal legislation, and it is the deferred tax effect that occurs after the legal valuation as the related fixed asset is accounted for as "investment property" at the end of the period with fair value in the IFRS financial statements.

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31. TAX ASSETS AND LIABILITIES (cont'd)

	December 31, 2023	December 31, 2022
Current period tax expense (A)	(71,287)	(12,313)
Tax deductible (B)	56,181	11,855
Current income tax (liabilities)/assets, net (A+B)	(15,106)	(458)

Deferred tax assets and liabilities

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, except for the differences of non-tax deductible goodwill, and assets and liabilities that are not accountable and taxable and are recognized for the first time.

As of December 31, 2023 and 2022, the Group's deferred tax assets are as follows:

	December 31, 2023	December 31, 2022
Investment incentives	4,697,857	4,885,016
Accumulated losses	2,760,198	1,447,761
Service concession agreements	(5,335,390)	(3,116,780)
Construction and repair costs spread over years	27,475	(80,749)
Investment properties and fixed assets	(3,859,120)	(435,162)
Adjustments on financial borrowings	205,633	(10,114)
Derivative instruments	(140,418)	(172,018)
Financial investments	(522,579)	(390,919)
Other	99,192	89,406
Deferred tax (liabilities)/assets, net	(2,067,152)	2,216,441

Expiration schedule of carry forward tax losses as of December 31, 2023 and December 31, 2022, is as follows:

	December 31, 2023	December 31, 2022
2023	-	198,672
2024	269,986	69,511
2025	998,236	1,042,866
2026	1,284,209	2,066,356
2027	2,749,780	3,861,396
2028	5,738,581	-
Total	11,040,792	7,238,801

As of December 31, 2023, the Group has carry forward tax losses amounting to TRY 11,040,792 (December 31, 2022: TRY 7,238,801) that can be deducted from its future profits, and deferred tax asset amounting to TRY 2,760,198 (December 31, 2022: TRY 1,447,761). As of December 31, 2023, the Group has a financial loss amounting to TRY 3,266,187, on which no deferred tax assets have been created (December 31, 2022: TRY 964,063).

Deferred tax asset movements for the years ended at December 31, 2023 and 2022 are as follows:

	2023	2022
January 1	2,216,441	1,108,266
Recognized in the statement of profit or loss	115,690	1,073,627
Changes within the scope of consolidation	(4,403,818)	-
Recognized in the statement of other comprehensive income	4,535	34,548
December 31	(2,067,152)	2,216,441

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32. RELATED PARTY DISCLOSURES

a) Trade receivables from related parties / Trade payables to related parties

As of December 31, 2023 and 2022, the Group's short-term trade receivables from related parties are as follows:

	December 31, 2023	December 31, 2022
Acacia Mine	103,302	-
Akfen REIT	41,022	2,508
Akfen Renewable	-	19,049
Akfen İnşaat Turizm ve Akfen Gayrimenkul Yatırım Ortaklığı A.Ş. Adi Ortaklığı ("Adi Ortaklık")	-	14,777
Farklı Yatırım İnşaat A.Ş.	-	2,872
Other	6,495	4,975
	150,819	44,181

As of December 31, 2023 and 2022, the Group's short-term trade payables to related parties are as follows:

	December 31, 2023	December 31, 2022
Akfen REIT	11,415	9,002
Fıratcan	766	-
Akfen Water	-	7,190
MIP	-	2,538
Other	2,293	-
	14,474	18,730

As of December 31, 2023 and 2022, the Group's long-term trade payables to related parties are as follows:

	December 31, 2023	December 31, 2022
Other	-	315
	-	315

b) Other receivables from related parties / Other payables to related parties

As of December 31, 2023 and 2022, the Group's long-term other receivables from related parties are as follows:

	December 31, 2023	December 31, 2022
Company Main Partner	166,537	-
Akfen International BV	116,148	-
Company Founding Partner	74,294	-
İzbir Mine (*)	-	505,970
Acacia Mine (**)	-	216,182
Other	30,188	3,173
	387,167	725,325

(*) As of December 31, 2022 it consists of the receivables of Acacia Mine related to the capital increase. Financial income is obtained for the related receivables over the interest rates according to the market conditions.

(**) As of December 31, 2022 it consists of the amounts given by the Company in order to finance the working capital and ongoing investments of the companies within the group and the Company calculates financial income for the related receivables at the same interest rates as the market conditions.

As of December 31, 2023 and 2022, the Group's short-term other payables to related parties are as follows:

	December 31, 2023	December 31, 2022
Company Main Partners	-	60,257
Other	-	37
	-	60,294

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32. RELATED PARTY DISCLOSURES (cont'd)

As of December 31, 2023 and 2022, the Group's long-term other payables to related parties are as follows:

	December 31, 2023	December 31, 2022
Acacia Mine ⁽¹⁾	117,034	-
Company Founding Partner	3,158	434,287
Akfen International BV ⁽²⁾	-	825,222
Fıratcan Tourism ⁽³⁾	-	333,056
MIP Other Partners ⁽⁴⁾	-	943,083
MIP ⁽⁵⁾	-	353,962
Other	2,597	7,549
	122,789	2,897,159

⁽¹⁾ The relevant balances belonging to the Company's business partnership consist of debts whose interest rates are operated under market conditions.

⁽²⁾ It belongs to the founding partner of the Company and the related balances consist of debts whose interest rates are operated under market conditions.

⁽³⁾ It is a loan taken from Akfen REIT's affiliate, and interest is charged on the aforementioned debt under market conditions.

⁽⁴⁾ As of December 31, 2022, it is the portion of the debt received from MIP that will be paid to other MIP partners when due. Since the aforementioned debt amount has a certain maturity, it has been recognised by discounting.

⁽⁵⁾ The Company is the financial investment of the shareholder and is accounted at discounted amount since the aforesaid payable has a certain maturity.

As of December 31, 2023 and 2022, the Group's short-term deferred revenue from related parties are as follows:

	December 31, 2023	December 31, 2022
Akfen REIT ^(*)	67,249	28,527
	67,249	28,527

^(*) It consists of the construction advances received for the project that Akfen REIT plans to develop on the Yalıkavak land.

The main transactions with related parties for the years ended December 31, are as follows:

		<u>January 1- December 31, 2022</u>	<u>January 1- December 31, 2022</u>
MIP	Dividend income	291,496	269,155
Travelex	Dividend income	1,715	-
MIP	Other income	1,038,329	-
MIP	Rediscount interest expense	(51,722)	(39,142)
Akfen REIT	Construction income-Yalıkavak	216,592	-
Acacia	Other income	183,548	-
Acacia	Interest income	14,328	38,422
Akfen Water	Revenue	4,622	-
Akfen REIT	Revenue	2,902	2,365
Other	Other income	8,993	16,739
Other	Interest income	44	227
Akfen Renewable	Interest income	-	100,786
İzbir Mine	Interest income	-	25,998
Akfen Renewable	Other income	-	20,370
Company main partner	Rent income	(4,319)	(5,009)
Other	Other expense	(1,756)	(2,118)
Akfen Water	Other expense	-	(34,391)

Benefits to Senior Executives

Total short-term benefits provided to senior managers for Akfen Holding and subsidiaries for the year ended on December 31, 2023 is TRY 109,211 (December 31, 2022: TRY 80,560).

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33. EARNINGS/(LOSS) PER SHARE

The Group's earnings/(loss) per share for the years ended December 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Net profit/(loss) for the period belonging to the shareholders of the parent company	7,329,510	(1,168,403)
Number of shares at the end of the period	910,000,000	910,000,000
Number of shares available during the period	910,000,000	701,150,685
Earnings/(loss) per share (full TRY)	8.05	(1.67)

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34. NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS

i. Credit risk

The credit risks exposed by types of financial instruments are as follows (TRY):

	Receivable					Financial assets related to concession agreements	
	Trade receivables		Other receivables				
	Related Party	Third Party	Related Party	Contract assets arising from ongoing construction and contracts	Third Party		Bank Deposits (*)
December 31, 2023							
Maximum credit risk exposure as of the reporting date (A+B+C+D+E)	151,626	800,682	387,328	-	209,815	27,187,566	10,412,878
- Portion of the maximum risk that is guaranteed with a collateral, etc,	-	-	-		-	-	-
A. Net book value of financial assets that are not overdue or not impaired	151,626	800,682	387,328	-	209,815	27,187,566	10,412,880
B. Book value of financial assets, the terms of which are re-negotiated, and which will otherwise be considered to be overdue or impaired	-	-	-	-	-	-	-
C. Net book value of assets that are overdue but not impaired	-	-	-	-	-	-	-
- Net book value of assets that are overdue but not impaired	-	-	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-	(2)
- Net book value of impaired assets	-	67,287	-	-	-	-	-
- Impairment (-)	-	(67,287)	-	-	-	-	-
- Not overdue (gross book value)	-	11,929	-	-	-	-	-
- Impairment (-)	-	(11,929)	-	-	-	-	(2)
E. Elements including off-balance-sheet financing	-	538,989	-	-	-	-	-
December 31, 2023	Receivables						
	Trade Receivables	Other Receivables					
	-	-					
	-	-					
	67,287	-					
	-	-					
	-	-					
	-	-					
	-	-					
	-	-					

(*)As of December 31, 2023, investment funds in other cash and cash equivalents of Akfen Holding amounting to TRY 1,724,578 and other short-term and long-term investment funds and deposits amounting to TRY 3,800,437 are included in the bank deposits.

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34. NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS (cont'd)

i. Credit risk (cont'd)

	Receivable					Financial assets related to concession agreements	
	Trade receivables		Other receivables				
	Related Party	Third Party	Related Party	Contract assets arising from ongoing construction and contracts	Third Party		Bank Deposits (*)
December 31, 2022							
Maximum credit risk exposure as of the reporting date (A+B+C+D+E)	44,181	341,928	725,369	-	125,062	25,711,053	9,374,838
- Portion of the maximum risk that is guaranteed with a collateral, etc,	-	-	-		-	-	-
A. Net book value of financial assets that are not overdue or not impaired	44,181	341,928	725,369	-	125,062	25,711,053	9,374,962
B. Book value of financial assets, the terms of which are re-negotiated, and which will otherwise be considered to be overdue or impaired	-	-	-	-	-	-	-
C. Net book value of assets that are overdue but not impaired	-	-	-	-	-	-	-
- Net book value of assets that are overdue but not impaired	-	-	-	-	-	-	-
D. Net book value of impaired assets	-	-	-	-	-	-	(124)
- Net book value of impaired assets	-	43,301	-	-	-	-	-
- Impairment (-)	-	(43,301)	-	-	-	-	-
- Not overdue (gross book value)	-	11,773	-	-	-	-	-
- Impairment (-)	-	(11,773)	-	-	-	-	(124)
E. Elements including off-balance-sheet financing	-	486,339	-	-	-	-	-
December 31, 2022	Receivables						
	Trade Receivables	Other Receivables					
	-	-					
	-	-					
	43,301	-					
	-	-					
	-	-					
	-	-					
	-	-					
	-	-					

(*) As of December 31, 2022, investment funds in other cash and cash equivalents of Akfen Holding amounting to TRY 1,433,638 and other short-term and long-term investment funds and deposits amounting to TRY 4,075,061 are included in the bank deposits.

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34. NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS (cont'd)

ii. Liquidity risk

Possession of financial instruments also involves the risk that the counterparty will fail to comply with the terms of the agreement. The Group management meets these risks by limiting the average risk for the counterparty (excluding related parties) in each agreement and by obtaining collaterals if necessary.

December 31, 2023

Maturities under contract	Carrying amount	Total contractual cash outflows (I+II+III+IV+V)	Less than 3 months (I)	3 - 12 Months (II)	1 - 5 years (III)	More than 5 years (IV)
Non-derivative financial liabilities						
Borrowings	37,866,085	(48,881,668)	(2,468,028)	(6,129,487)	(26,965,639)	(13,318,514)
Trade payables to third parties	1,800,055	(1,800,055)	(1,800,055)	-	-	-
Due to related parties	137,263	(137,263)	(14,474)	-	(122,789)	-
Other payables ^(*)	461,691	(461,693)	(190,082)	(155,667)	(115,944)	-
Total	40,265,094	(51,280,679)	(4,472,639)	(6,285,154)	(27,204,372)	(13,318,514)

December 31, 2022

Maturities under contract	Carrying amount	Total contractual cash outflows (I+II+III+IV+V)	Less than 3 months (I)	3 - 12 Months (II)	1 - 5 years (III)	More than 5 years (IV)
Non-derivative financial liabilities						
Borrowings	28,068,097	(36,581,463)	(991,880)	(3,269,637)	(19,553,909)	(12,766,037)
Trade payables to third parties	408,221	(408,221)	(408,221)	-	-	-
Due to related parties	2,976,183	(3,437,622)	(18,730)	(60,294)	(2,433,331)	(925,267)
Other payables ^(*)	266,142	(266,144)	(68,475)	(97,989)	(99,680)	-
Total	31,718,643	(40,693,450)	(1,487,306)	(3,427,920)	(22,086,920)	(13,691,304)

(*) Non-financial liabilities such as deposits and advances received are not included in other liabilities.

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34. NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS (cont'd)

iii. Interest risk

Interest rate risk arises from the possibility that changes in interest rates will affect the financial statements. The interest rate details of the Group's interest-bearing financial instruments at the reporting date are as follows:

	December 31, 2023	December 31, 2022
Fixed-Interest financial instruments	(8,534,982)	(4,357,249)
Financial assets	4,678,185	3,720,733
Financial liabilities	(13,213,167)	(8,077,982)
Floating-Interest financial instruments	(19,127,903)	(14,481,409)
Financial assets	5,525,015	5,508,706
Financial liabilities	(24,652,918)	(19,990,115)

As of December 31, 2023 and 2022, if interest rates increase by 1 basis point, the consolidated comprehensive income statement would be affected as follows. While performing the analysis, it is assumed that all other variables, chiefly the foreign exchange rates, remained fixed.

Interest Statement	Position	December 31, 2023	December 31, 2022
Fixed-Interest financial instruments		(85,350)	(43,573)
Financial assets	Assets at fair value through profit or loss	46,782	37,207
Financial liabilities		(132,132)	(80,780)
Floating-Interest Financial Instruments		(191,279)	(144,814)
Financial assets		55,250	55,087
Financial liabilities		(246,529)	(199,901)

Interest rate risk refers to the risk that the fair value of a financial instrument or future cash flows may fluctuate due to changes in market interest rates. Payables to related parties and interest rates on financial assets are fixed. The Group risk arising from changes in market interest rates mainly arises from floating rate loans. According to the loan agreements, 60% of the bank loans of Eskişehir City Hospital, 70% of Tekirdağ City Hospital and 100% of Isparta City Hospital are protected against fluctuations in interest rates throughout the term of the loan.

iv. Foreign currency risk

The balances of the Group's foreign currency transactions arising from operating and financial activities as of reporting date are explained below. With respect to foreign currency denominated payables or creditors; In case of changes in the exchange rates of these currencies against Turkish Lira, they may be exposed to exchange rate risk. The aforesaid exchange rate risk is limited by the continuous analysis and monitoring of the foreign exchange position.

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34. NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS (cont'd)

As of December 31, 2022, assets and liabilities denominated in foreign currencies are as follows:

	December 31, 2023			
	TRY Equivalent	US Dollar	Euro	Other(*)
1. Trade receivables	17,489	53	489	-
2a. Monetary Financial Assets (including safe and bank accounts)	8,388,585	270,479	12,928	135
2b. Non-Monetary Financial Assets	-	-	-	-
3. Other	3,022,548	30,058	65,626	-
4. Current Assets (1+2+3)	11,428,622	300,590	79,043	135
5. Trade Receivables	111,892	3,781	18	-
6a. Monetary Financial Assets	2,027,509	63,561	4,801	-
6b. Non-Monetary Financial Assets	9,192,019	312,248	-	-
7. Other	24,299,950	249,184	520,798	-
8. Non-Current Assets (5+6+7)	35,631,370	628,774	525,617	-
9. Total Assets (4+8)	47,059,992	929,364	604,660	135
10. Trade Payables	690,199	18,770	4,184	3
11. Financial Liabilities	8,030,738	168,668	93,664	-
12a. Other Monetary Liabilities	113,186	1,304	2,290	-
12b. Other Non-Monetary Liabilities	-	-	-	-
13. Current Liabilities (10+11+12)	8,834,123	188,742	100,138	3
14. Trade Payables	213,252	7,231	-	-
15. Financial Liabilities	29,361,875	580,389	375,252	-
16a. Other Monetary Liabilities	653	-	20	-
16b. Other Non-Monetary Liabilities	-	-	-	-
17. Non-Current Liabilities (14+15+16)	29,575,780	587,620	375,272	-
18. Total Liabilities (13+17)	38,409,903	776,362	475,410	3
19. The Net Asset/(Liability) Position of off-balance sheet derivatives (9-18)	8,650,089	153,002	129,250	132
19a. Total amount of assets hedged	-	-	-	-
19b. Total amount of liabilities hedged	9,462,136	320,845	-	-
20. Net Foreign Currency Asset/(Liability) Position (9-18+19b)	18,112,225	473,847	129,250	132
20. Monetary Items Net Foreign Currency Asset / (Liability) Position (1+2a+5+6a-10-11-12a-14-15-16a)	(541,930)	(159,246)	129,250	132
21. Export	-	-	-	-
22. Import	-	-	-	-

(*) Assets and liabilities denominated in other currencies are stated in TRY.

As of December 31, 2023, the Company's currency risk analysis is as follows (TRY):

Exchange Rate Sensitivity Analysis Statement				
December 31, 2023				
	Profit/Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
In the event that USD appreciates/depreciates by 20% against TRY				
1- US Dollar net asset/liability	2,785,003	(2,785,003)	2,785,003	(2,785,003)
2- Portion hedged for USD (-)	-	-	-	-
3- USD Net Impact (1+2)	2,785,003	(2,785,003)	2,785,003	(2,785,003)
In the event that EUR appreciates/depreciates by 20% against TRY				
4- Net asset/liability in Euro	836,454	(836,454)	836,454	(836,454)
5- Portion hedged for EUR (-)	-	-	-	-
6- Euro Net Impact (4+5)	836,454	(836,454)	836,454	(836,454)
In the event that other foreign currencies appreciate/depreciate by 20% against TRY				
7- Other foreign currency net asset/liability	988	(988)	988	(988)
8- Portion hedged for other foreign currency (-)	-	-	-	-
9- Other Foreign Currency Assets Net Impact (7+8)	988	(988)	988	(988)
TOTAL (3+6+9)	3,622,445	(3,622,445)	3,622,445	(3,622,445)

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34. NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS (cont'd)

As of December 31, 2022, assets and liabilities denominated in foreign currencies are as follows:

	December 31, 2022			
	TRY Equivalent	US Dollar	Euro	Other(*)
1. Trade receivables	7,677	53	184	-
2a. Monetary Financial Assets (including safe and bank accounts)	5,486,504	162,920	13,990	201
2b. Non-Monetary Financial Assets	-	-	-	-
3. Other	2,998,855	28,940	64,152	-
4. Current Assets (1+2+3)	8,493,036	191,913	78,326	201
5. Trade Receivables	62	2	-	-
6a. Monetary Financial Assets	3,791,445	100,459	21,199	-
6b. Non-Monetary Financial Assets	9,177,511	297,877	-	-
7. Other	23,442,676	244,597	484,262	-
8. Non-Current Assets (5+6+7)	36,411,694	642,935	505,461	-
9. Total Assets (4+8)	44,904,730	834,848	583,787	201
10. Trade Payables	102,150	689	2,458	-
11. Financial Liabilities	3,093,312	22,159	73,219	-
12a. Other Monetary Liabilities	623,230	17,839	2,207	-
12b. Other Non-Monetary Liabilities	-	-	-	-
13. Current Liabilities (10+11+12)	3,818,692	40,687	77,884	-
14. Trade Payables	-	-	-	-
15. Financial Liabilities	23,982,269	311,169	436,934	-
16a. Other Monetary Liabilities	2,091,122	67,750	-	-
16b. Other Non-Monetary Liabilities	-	-	-	-
17. Non-Current Liabilities (14+15+16)	26,073,391	378,919	436,934	-
18. Total Liabilities (13+17)	29,892,083	419,606	514,818	-
19. Net Foreign Currency Asset/(Liability) Position (9-18)	15,012,647	415,242	68,969	201
20. Monetary Items Net Foreign Currency Asset / (Liability) Position (1+2a+5+6a-10-11-12a-14-15-16a)	5,835,136	117,365	68,969	201
21. Export	-	-	-	-
22. Import	-	-	-	-

(*) Assets and liabilities denominated in other currencies are stated in TRY.

As of December 31, 2022, the Company's currency risk analysis is as follows (TRY):

Exchange Rate Sensitivity Analysis Statement				
December 31, 2022				
	Profit/Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
In the event that USD appreciates/depreciates by 20% against TRY				
1- US Dollar net asset/liability	2,558,706	(2,558,706)	2,558,706	(2,558,706)
2- Portion hedged for USD (-)	-	-	-	-
3- USD Net Impact (1+2)	2,558,706	(2,558,706)	2,558,706	(2,558,706)
In the event that EUR appreciates/depreciates by 20% against TRY				
4- Net asset/liability in Euro	453,089	(453,089)	453,089	(453,089)
5- Portion hedged for EUR (-)	-	-	-	-
6- Euro Net Impact (4+5)	453,089	(453,089)	453,089	(453,089)
In the event that other foreign currencies appreciate/depreciate by 20% against TRY				
7- Other foreign currency net asset/liability	1,409	(1,409)	1,409	(1,409)
8- Portion hedged for other foreign currency (-)	-	-	-	-
9- Other Foreign Currency Assets Net Impact (7+8)	1,409	(1,409)	1,409	(1,409)
TOTAL (3+6+9)	3,013,204	(3,013,204)	3,013,204	(3,013,204)

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34. NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS (cont'd)

v. Capital Risk Management

The Group's objectives in capital management are;

- To be able to provide returns to partners and benefit to other shareholders by ensuring the continuity of their activities
- To increase profitability by pricing services in accordance with the risk level.

The Group determines the amount of capital in proportion to the risk level. The Company regulates the structure of shareholders' equity according to economic conditions and risk characteristics of assets.

The Group monitors capital management by using the debt / equity ratio. This ratio is calculated by dividing net debt by total capital. Net debt is calculated as total borrowings (total of short-term and long-term liabilities stated in the consolidated statement of financial position) less cash and cash equivalents. Total capital is the sum of the equity stated in the consolidated financial statements.

As of December 31, 2023 and 2022, the ratio of total capital to net liabilities is as follows:

	December 31, 2023	December 31, 2022
Total financial liability	37,866,085	28,068,097
Less: cash and cash equivalents (*)	(10,417,789)	(9,379,097)
Net debt	27,448,296	18,689,000
Equity	48,748,748	34,245,466
Net financial debt / equity ratio	0.56	0.55

(*) Cash and bank deposits as of December 31, 2023; short-term and long-term financial investments of the Group amounting to TRY 3.800.437, excluding cash and cash equivalents, in the form of deposits and investment funds (December 31, 2022: TRY 4.075.061).

Fair value disclosures

Fair value is defined as the price to be obtained from the sale of an asset or to be paid in the transfer of a debt in the usual transaction between market participants on the measurement date.

Financial instruments

The Group has determined the estimated fair values of financial instruments using current market information and appropriate valuation methods. However, evaluating market information and estimating fair values requires interpretation and judgement. As a result, the estimations presented here cannot be an indication of the amounts that the Group can obtain in a current market transaction.

The following methods and assumptions are used to estimate the fair values of financial instruments that are practically possible to estimate fair values:

Financial assets

Since they are short term cash assets, the registered values of cash and cash equivalents are assumed to be close to their fair values.

As their commercial receivables are short term, their recorded values are expected to reflect the fair value.

Since service concession agreements are a guaranteed income in the contract with the Ministry of Health, it accounts for the amount calculated based on the construction model, based on the service concession agreement, as a financial asset.

It is foreseen that the fair values of the foreign currency balances, which are converted at the end of the period, are close to their registered values.

Financial liabilities

Due to the fact that commercial debts and other monetary liabilities are short-term, their fair value is thought to approach the value they carry.

Bank loans are expressed in amortized cost values and transaction costs are added to the initial cost of the loans. Since the Group's floating rate bank loans have been repriced recently, their fair values are considered to represent the value they bear.

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34. NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS (cont'd)

Financial Instrument classifications and fair values

December 31, 2023	Amortized cost	Fair value difference reflected to profit / loss	Fair value difference reflected in other comprehensive income and expense	Book value	Fair value	Note
Financial assets						
Cash and cash equivalents	6,549,744	-	-	6,549,744	6,549,744	5
Trade receivables from third parties	800,682	-	-	800,682	800,682	7
Trade receivables from related parties	150,819	-	-	150,819	150,819	7-32
Other receivables from third parties	209,815	-	-	209,815	209,815	8
Other receivables from related parties	387,328	-	-	387,328	387,328	8-32
Financial assets related to concession agreements	-	27,187,566	-	27,187,566	27,187,566s	10
Financial investments whose fair value difference is reflected in profit / loss	-	3,868,045	-	3,868,045	3,868,045	22
Financial investments whose fair value difference is reflected in other comprehensive income	-	-	9,301,237	9,301,237	9,301,237	22
Derivative instruments	-	280,821	-	280,821	280,821	12
Financial liabilities						
Financial borrowings	37,866,085	-	-	37,866,085	37,866,085	6
Trade payables to third parties	1,800,055	-	-	1,800,055	1,800,055	7
Trade payables to related parties	14,474	-	-	14,474	14,474	7-32
Other payables to third parties	148,125	-	-	148,125	148,125	8
Other payables to related parties	122,789	-	-	122,789	122,789	8-32

December 31, 2022	Amortized cost	Fair value difference reflected to profit / loss	Fair value difference reflected in other comprehensive income and expense	Book value	Fair value	Note
Financial assets						
Cash and cash equivalents	5,257,406	-	-	5,257,406	5,257,406	5
Trade receivables from third parties	341,928	-	-	341,928	341,928	7
Trade receivables from related parties	44,181	-	-	44,181	44,181	7-32
Other receivables from third parties	125,062	-	-	125,062	125,062	8
Other receivables from related parties	725,369	-	-	725,369	725,369	8-32
Financial assets related to concession agreements	-	25,711,053	-	25,711,053	25,711,053	10
Financial investments whose fair value difference is reflected in profit / loss	-	4,121,691	-	4,121,691	4,121,691	22
Financial investments whose fair value difference is reflected in other comprehensive income	-	-	9,365,661	9,365,661	9,365,661	22
Derivative instruments	-	861,044	-	861,044	861,044	12
Financial liabilities						
Financial borrowings	28,068,097	-	-	28,068,097	28,068,097	6
Trade payables to third parties	408,221	-	-	408,221	408,221	7
Trade payables to related parties	18,730	-	-	18,730	18,730	7-32
Other payables to third parties	75,961	-	-	75,961	75,961	8
Other payables to related parties	2,957,453	-	-	2,957,453	2,957,453	8-32

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34. NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS (cont'd)

As of December 31, 2023 and 2022, the fair value classifications of financial assets and financial liabilities measured at fair value are as follows:

December 31, 2023		Fair Value Level		
	Level 1 TRY	Level 2 TRY	Level 3 TRY	
Short term financial investments				
Financial assets at fair value through profit or loss (Note 22)	2,012,288	-	-	
Long term financial investments				
Financial assets at fair value through profit or loss (Note 22)	1,855,757	-	-	
Other financial investments (Note 22)	-	-	9,301,237	
Interest rate swap transactions (Note 12)	-	562,250	-	
Receivables from service concession agreements/Financial assets related to concession agreements (Note 10)	-	-	27,187,566	
December 31, 2022		Fair Value Level		
	Level 1 TRY	Level 2 TRY	Level 3 TRY	
Short term financial investments				
Financial assets at fair value through profit or loss (Note 22)	1,191,290	-	-	
Long term financial investments				
Financial assets at fair value through profit or loss (Note 22)	2,930,401	-	-	
Other financial investments (Note 22)	-	-	9,365,661	
Interest rate swap transactions (Note 12)	-	861,044	-	
Receivables from service concession agreements/Financial assets related to concession agreements (Note 10)	-	-	25,711,053	

The fair value of assets and liabilities is determined as follows:

- Level 1: Valued at the quoted market prices for active assets and liabilities.
- Level 2: Appraised from inputs used to find the directly or indirectly observable price in the market other than the market price stated in the first level of the related asset or liability.
- Level 3: Valued at inputs that are not based on observable market data used to determine the fair value of the asset or liability.

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34. NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS (cont'd)

Discounted Cash Flows

Under the discounted cash flows method, the fair value of an asset is estimated using the net assumptions about the ownership benefits and liabilities over the life of the asset, including the output and the final value. This estimation includes estimating a series of cash flows and a corresponding, market-based discount rate is applied to generate the present value of the revenue stream.

The duration of cash flow and specific timing of the inflows and outflows are determined by the review of rents, renewal of lease agreements and related lease periods, leasing, redevelopment and renewal.

Cost incurred during the development of the asset and construction costs, development costs and expected sales revenue are estimated to reach a set of cash flows that are reduced through additional development and marketing expenses throughout the lease. Certain development risks, such as planning, permits and development permits must be assessed separately.

Level 3 sensitivity analysis of significant changes in unobservable inputs used in fair value calculations

Group management has made assumptions for inflation rates and foreign exchange rates during the contract period to calculate the fair value of financial assets related to concession agreements.

As of December 31, 2023 and 2022, the sensitivity analysis of the important assumptions used in the fair value calculation of the financial asset regarding the concession agreements are as follows:

December 31, 2023	Discount rate change (*)	
Sensitivity level	1% decrease	1% increase
Fair value change	1,882,380	(1,690,748)

December 31, 2022	Discount rate change (*)	
Sensitivity level	1% decrease	1% increase
Fair value change	1,731,633	(1,556,410)

In addition, the sensitivity analysis of the important assumptions used in the fair value calculation of the building, which is under investment properties ((whole of Hacettepe Dormitory and for the asset valued as TRY, 27% discount rate is used in the valuation report (December 31, 2022: 23%)) as of December 31, 2023 and 2022, is as follows:

December 31, 2023	Inflation expectation		Discount rate change	
	0.5% decrease	0.5% increase	1% decrease	1% increase
Fair value change	(11,020)	11,660	25,790	(22,880)

December 31, 2022	Inflation expectation		Discount rate change	
	0.5% decrease	0.5% increase	1% decrease	1% increase
Fair value change	(11,307)	11,664	39,834	(34,442)

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34. NATURE AND LEVEL OF RISKS FROM FINANCIAL INSTRUMENTS (cont'd)

Market multiplier

The fair value of MIP, which is recognized as a financial investment in the financial statements of the Group, has been evaluated within the scope of TFRS 9 standard as of December 31, 2023 and 2022, and the change in the value of the financial investment has been recognized in the other comprehensive income or expense statement in the consolidated financial statements of the Group. The fair value of MIP, which is recognized as a financial investment in the consolidated financial statements of the Group, has been calculated using the the market approach method as of December 31, 2023 and 2022. While applying the market approach method, the Interest Amortization and Pre-Tax Profit (EBITDA) multiplier technique was used. The market approach used in fair value measurement ideally reflects fair value in current conditions.

Sensitivity analysis of the financial investment in question for unobservable inputs used in the measurement of fair values is as follows:

		if increases	if decreases
December 31, 2023	Sensitivity analysis	Profit/(Loss) effect of fair value (TRY)	Profit/(Loss) effect of fair value (TRY)
Long term financial investments			
EBITDA multiplier	0.50 basis point	104,489	(104,489)
		if increases	if decreases
December 31, 2022	Sensitivity analysis	Profit/(Loss) effect of fair value (TRY)	Profit/(Loss) effect of fair value (TRY)
Long term financial investments			
EBITDA multiplier	0.50 basis point	325,329	(325,329)

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35. EXPLANATIONS ON SHARES IN OTHER BUSINESSES

As of December 31, 2023 and 2022, information on the Group's major subsidiaries in which non-controlling interests are as follows:

							December 31, 2023
	Hacettepe Teknokent ^(*)	Akfen Merter	Isparta City Hospital	Solentegre Energy	Me-Se Energy	Akfen Renewable Energy	Total
Total assets	845,074	20,038	9,496,859	372,021	413,318	34,579,916	45,727,226
Total liabilities	628,270	1,197	5,192,693	215,906	228,222	14,203,338	20,469,626
Equity	216,804	18,841	4,304,166	156,115	185,096	20,376,578	25,257,600
Profit/(loss) for the period	132,261	(11,092)	375,833	(22,606)	16,755	4,550,382	5,041,533
Non-controlling interest ratio	0,0024	0,0848	0,0012	0,1000	0,2000	0,3350	
Equity – Non-controlling interest	520	1,597	5,165	15,612	37,019	6,826,154	6,886,067
Profit/(loss) for the period – Non-controlling interest	317	(940)	450	(2,261)	3,351	1,413,483	1,414,400
							December 31, 2022
	Hacettepe Teknokent ^(*)	Akfen Merter	Isparta City Hospital	Solentegre Energy	Me-Se Energy	Akfen Renewable Energy	Total
Total assets	794,104	289,941	9,520,045	-	-	-	10,604,090
Total liabilities	688,490	38,726	5,607,978	-	-	-	6,335,194
Equity	105,614	251,215	3,912,066	-	-	-	4,268,896
Profit/(loss) for the period	33,197	(25,208)	440,039	-	-	-	448,028
Non-controlling interest ratio	0,0024	0,0848	0,0012	-	-	-	
Equity – Non-controlling interest	253	21,303	4,694	-	-	-	26,250
Profit/(loss) for the period – Non-controlling interest	6,613	(2,138)	542	-	-	-	5,017

^(*) It is the information belonging to companies that have non-controlling shares of Akfen Holding and Akfen Construction.

36. FEES FOR SERVICES RECEIVED FROM INDEPENDENT AUDITOR

The explanation of the Group regarding the fees for the services rendered by the independent audit firms, which is prepared by the KGK pursuant to the Board Decision published in the Official Gazette on March 30, 2021, and the preparation principles of which are based on the letter of the KGK dated August 19, 2021 are as follows:

	January 1 - December 31, 2023	January 1 - December 31, 2022
Independent audit fee for the reporting period	25,518	12,320
Fees for tax services	2,046	1,818
Fee for other assurance services	1,562	366
	29,125	14,509

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37. SUBSEQUENT EVENTS

Akfen Holding

Akfen Holding's shares, which constitute 26% ownership in the TAR, were transferred on May 20, 2024.

Akfen Construction

A Protocol of Commencement of Actual Work has been issued for the construction of the 50-bed Erzin Emergency Hospital, within the scope of the contract concluded between the General Directorate of Health Investments, the Deputy Ministries of Health, Akfen Construction Tourism and Trade Inc., and Dost Construction and Project Management Inc., for the Emergency Hospitals in Hatay province, Altınözü, Erzin, and Payas districts, on January 4, 2024.

Eskişehir City Hospital Market Test Prequalification announcement was published on February 6, 2024 and the prequalification tender was held on March 8, 2024. Companies that have passed the pre-qualification have been invited to submit bids and a tender will be held on August 9, 2024.

Pursuant to the letter of the Company to the Capital Markets Board (CMB) on October 27, 2023, requesting the public offering of the company's shares and the amendment of its articles of association within this framework, the CMB gave an opinion in accordance with the text of the amendment of the articles of association with the letter dated February 14, 2024, and it was decided to welcome it positively by correcting the registered capital ceiling to be valid between 2024-2028. As of April 1, 2024, the documents required for the Prospectus approval application within the scope of the public offering of Akfen Construction's shares have been submitted to the Capital Markets Board for review and approval in accordance with the relevant legislation, and the process continues.

The amendment to the Company's Articles of Association was approved by the Company at the Extraordinary General Assembly Meeting held on February 28, 2024. It has been decided that the Company will switch to the registered capital system in accordance with the provisions of CMB No. 6362, and that the registered capital ceiling of the company, which will be valid for 5 years for the years 2024-2028, will be TRY 30 billion.

As of April 4, 2024, the application for the first quotation of Akfen Construction's shares has been submitted to the General Directorate of Borsa Istanbul A.Ş. in accordance with the relevant legislation and the process continues.

As of April 25, 2024, within the framework of the planned public offering of Akfen Construction, an application for MKK and KAP membership has been made to the Central Registry Corporation Inc. as a share issuer, and the process continues.

Pursuant to the contract dated June 20, 2023 for the 600-Bed State Hospital Construction Work, the construction of which was undertaken by Akfen Construction - Dost Construction Amasya State Hospital Construction Joint Venture, an actual workplace delivery report was issued on March 1, 2024 for the actual start of the work, and the work was actually started.

Akfen Construction has acquired a participation share from Akfen Real Estate Portfolio Management Inc. First Real Estate Investment Fund (the "Fund"), including;

- The purchase of participation shares is carried out in the form of payment in kind by registering the immovables belonging to the Company specified in the table below in the name of the Fund in the land registry at the prices specified in the table below,
- The purchase of participation shares is carried out at the share price to be calculated and announced on the business day before the date of registration in the name of the Fund in the land registry of the Immovables,
- To determine the total number of Fund participation shares to be given to the Company in return for the transaction price in accordance with the share price specified in article b,

It was unanimously decided on March 29, 2024 that these transactions will be carried out for a total price of TRY 358,819+ VAT specified in the table below.

In addition, it has been decided by the management of the Company to sell 3 no.lu independent sections registered in 1947 island, 56 parcels in Mecidiyeköy neighborhood of Istanbul province, Şişli district, belonging to the Company, in cash with a price of TRY 20,000+ VAT. The transaction of selling the relevant independent section in cash with a price of TRY 20,000+ VAT was completed on April 17, 2024.

The transfer of the immovables other than 3 no.lu independent sections registered in the Mecidiyeköy neighborhood, 1947 island, 56 parcels in the province of Istanbul, Şişli district, took place on March 29, 2024.

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37. SUBSEQUENT EVENTS (cont'd)

Akfen Construction (cont'd)

Property Name	Nature	Related Account	Sales Price (Excl. VAT)
Ankara Gölbaşı Karaoğlu	Land	Investment Property	82,575
Beynam	Land	Investment Property	9,900
Sincan	Land	Investment Property	5,490
Ankara Gölbaşı İncek	Land	Investment Property	9,450
İzmir Menemen	Land	Investment Property	33,750
Muğla Milas Hisar Mersinlikuyu	Land	Investment Property	13,320
İstanbul Beşiktaş	Store	Investment Property	87,795
Levent Loft Bağımsız Bl.3 Büro , Cafe, Dükkan	Office, Café, Shop	Investment Property	37,575
Kadıköy	Apartment	Investment Property	24,444
İstanbul Bebek	Apartment	Tangible Fixed Asset	74,520
Total			378,819

The Partnership Agreement (General Partnership) Amendment Agreement, dated May 30, 2024, and numbered 06707, signed between the Company and Dost Construction, as certified by Ankara 78th Notary Public, has amended the Company's share in Akfen Construction - Dost Construction General Partnership to 99.99%, and Dost Construction 's share to 0.01%.

The Partnership Agreement (General Partnership) Amendment Agreement, dated May 30, 2024, and registered at Ankara 78th Notary Public under journal number 06708, between the Company and Dost Construction and Project Management Inc., has resulted in a modification of the Company's share in Akfen Construction Tourism and Trade Inc. - Dost Construction Partnership to 99.99%, while Dost Construction 's share has been changed to 0.01%.

The Partnership Agreement (General Partnership) Amendment Agreement, dated May 30, 2024, and registered at Ankara 78th Notary Public under journal number 06709, between the Company and Dost Construction, has resulted in a modification of the Company's share in the Akfen Construction - Dost Construction Amasya State Hospital Construction Ordinary Partnership to 99.99%, while Dost Construction's share has been changed to 0.01%.

Akfen Renewable Energy

The Ministry of Environment, Urbanization and Climate Change has given a "Positive Environmental Impact Assessment" decision regarding the Gelinkaya Solar Power Plant (35.75 MWm / 30 MWe - 44.86 ha) and Electricity Storage Facility (30 MWe / 60 MWh) project planned to be built in Aşkale District of Erzurum Province by Akfen Elektrik Toptan, a 100% subsidiary of the Group. The decision was communicated by the General Directorate of Environmental Impact Assessment, Permitting and Inspection in a letter dated January 19, 2024.

Within the scope of the 90 MW "detached storage" applications of Akfen Elektrik Toptan Satış A.Ş., a 100% subsidiary of the Group, preliminary licenses were received from EMRA on March 1, 2024 for the following facilities.

- Elazığ Detached Storage facility 30MW
- Tokat Detached Storage facility 30MW
- Doğançay Detached Storage facility 30MW

At the meeting of the Board of Directors of our Company on March 27, 2024, it was decided to establish a Romania-based company with an initial capital of 200 RON (Romanian Leu) (approximately 50 Euros) together with DEVVIS SERVICES S.R.L., a company providing construction services in Romania, in order to develop possible projects in the field of energy in Romania, and that our Company will participate in the said company as a founding partner at a rate of 85%. 15% of the capital of the company to be established will be covered by DEVVIS SERVICES S.R.L. As of May 7, 2024, the application process for the establishment and registration of the SPV company under the name SUNWAY ENERGY S.R.L. in Romania has been completed.

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37. SUBSEQUENT EVENTS (cont'd)

Akfen REIT

The process of increasing the issued capital of the Company from TRY 1,300,000,000 to TRY 3,900,000,000 within the registered capital ceiling of TRY 6,500,000,000 has been completed, and the new form of Article 8 of our Articles of Association titled "Capital and Shares" has been registered by the Istanbul Trade Registry Directorate on February 9, 2024.

On January 17, 2024, the transfer of all shares belonging to Akfen GT, a subsidiary of the Company, was completed for a variable price of USD 73,000,000+ and the transfer fees were collected and the sale of financial fixed assets was concluded.

At the Company's Board of Directors Meeting on April 1, 2024; The validity of the existing registered capital ceiling of TRY 6,500,000,000 for the years 2020-2024, considering that it will expire at the end of this year, has been decided to be re-determined In this context, the Board of Directors has decided,

1. To increase the Company's current registered capital ceiling to TRY 50,000,000,000 for the years 2024-2028,
2. Accordingly, to amend Article 8 of the Company's Articles of Association titled Capital and Shares,
3. To apply to the Capital Markets Board and the Ministry of Trade for the necessary approvals and to fulfill other legal procedures.

Due to the fact that the validity of the Company's current registered capital ceiling of TRY 6,500,000, which is valid for the years 2020-2024, will expire as of the end of 2024, it has been decided to amend Article 8 of the Company's articles of association titled "Capital and Shares" in order to increase the registered capital ceiling and determine it as TRY 50,000,000 for the years 2024-2028, and the approvals of the CMB and the Ministry of Commerce have been obtained. The said approved article amendment was adopted at the Company's Ordinary General Assembly Meeting dated May 17, 2024 and registered on May 21, 2024.

The loans of the Company and its subsidiary Akfen Karaköy were refinanced on May 24, 2024 as a result of the completion of the closing procedures of the 84-month maturity and improved commercial conditional loan agreement signed with Türkiye Vakıflar Bankası T.A.O.

Akfen GPYŞ

Pursuant to the authorization granted to the Board of Directors by the Articles of Association of Akfen GPYŞ, the request to increase the capital from TRY 18,000 to TRY 41,876, within the registered capital ceiling of TRY 45,000, was approved by the CMB and the capital increase was completed. Subsequently, the CMB was again consulted in order to amend the articles of association of Akfen GPYŞ in line with the new capital structure. Following the approval of the CMB, registration and announcement procedures will be carried out.