NUROL HOLDİNG A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2021
TOGETHER WITH THE
INDEPENDENT AUDITORS'
REPORT

As Bağımsız Denetim ve YMM A.Ş.
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2021-110322-SPK-015

Nurol Holding A. Ş. and Its Subsidiaries
Consolidated Financial Statements As of January 2021-31 December 2021
Together With The İndependent Auditors' Report

To the Shareholders and the Board of Directors of Nurol Holding A.Ş.

A. Independent Audit of Financial Statements

1. Opinion

We have audited the accompanying consolidated financial statements of Nurol Holding A.Ş. ("the Company") and its subsidiaries (together "the Group"), which comprise the consolidated balance sheet as at 31 December 2021 and the consolidated statements of income, comprehensive income, changes in equity and cash flow for the years then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of the Group as of 31 December 2021 and of its financial performance and its cash flows for the years then ended in accordance with Turkish Financial Reporting Standards issued by Public Oversight Accounting and Auditing Standards Authority.

2. Basis for Opinion

We conducted our audit in accordance with Capital Market Board Independent Audit legislation and Turkey Independent Audit Standards which is issued by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Turkish Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (Turkish Ethics Code) together with the ethical requirements that are relevant to our audit of the financial statements in Turkey, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Turkish Ethics Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Other Matters

Consolidated subsidiaries of the Group, FNSS Savunma Sistemleri A.Ş., Nurol Gayrimenkul Yatırım Ortaklığı A.Ş., Nurol Yatırım Bankası A.Ş., Enova Enerji Üretim A.Ş., Nurol Teknoloji Sanayi ve Madencilik A.Ş., Nurol Makina Sanayi A.Ş., Nurol BAE Systems Hava Sistemleri A.Ş., Turser Turizm Servis ve Ticaret A.Ş. ve Tümad Madencilik Sanayi ve Ticaret A.Ş. have been audited by another audit firm for the accounting period of 01 January - 31 December 2021.

The Group has restated its consolidated financial statements for the years ended 31 December 2020 in accordance with the "Accounting Policies, Changes in Accounting Estimates and Errors" (IAS 8) standard, and Details on the restatement of financial statements are included in the section on Accounting Policies, Changes in Estimates and Errors in Note 2 Basis Of Presentation of Financial Statements.

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4. Key Audit Matters

Key audit issues are the most important issues in the independent audit of the financial statements of the current account in accordance with our professional judgment. The key audit issues are discussed in the framework of the independent audit of the financial statements as a whole and we do not give a separate opinion on these matters. By us; the following topics have been identified as key auditing issues and have been reported in our report.

Key Audit Matters	**How our audit addressed the Key Audit Matter**
Recognition of revenue (Note 27) A significant portion of the Group's revenue is comprised of construction and project contracts (real estate development, construction contracts, armoured vehicle production etc.) As of 31 December 2021, the consolidated revenue of the Group is thousand TRY 12.266.184 (31 December 2020: thousand TRY 8.953.405) is comprised of project contracts. Within the scope of revenue recognition, determining the results of construction projects that include project-specific conditions, especially the estimation of the cost to be incurred for the completion of the projects, the impact of the contract revenue on the uncertainties related to the results of future events and the accounting of the amounts related to the project amendments are based on the estimates and judgments of the management. Revenue recognition from construction and project contracts (together with the recognition of receivables from ongoing construction contracts and debts from ongoing construction contracts) has been identified as a key audit matter as it relies heavily on management's estimates and judgments.	<u>During our audit, regarding the recognition of revenue in financial statements, the following audit procedures we have been applied:</u> - We have reviewed the terms and conditions of construction contracts which have significance in the determination of whether revenue is recognized for the related period and evaluation of estimates used by the management. - We evaluated and tested the operating effectiveness of controls over the relevant processes regarding the accuracy and timing of revenue recognized in the consolidated financial statements. - Samples have been selected regarding the costs incurred for ongoing construction projects by the Group and have been tested using supporting documents. - The contract revenue associated with construction contracts have been recalculated using the input method. - The cost budgets of construction contracts and their forecasts have been compared with the results of the previous year to examine whether it is reasonable. Based on our audit, the disclosures in the notes to the consolidated financial statements related to the realization of the Group's revenue are reviewed and the adequacy of the information included in the notes have been deemed appropriate with regards to TFRS 15 and other related standards.

Key Audit Matters	**How our audit addressed the Key Audit Matter**
Property, Plant and Equipment, Intangible Assets and Investment Properties (Notes: 19-20-22) In the consolidated financial statements of the Group, property, plant and equipment, intangible assets and investment properties include a significant portion of the Group's assets. The Group calculates the depreciation by using the straight-line depreciation method and calculates property, plant and equipment by some estimates, also the Group management observe impairment for property, plant and equipment each period. The Group follows the investment properties with fair value. The accounting estimates used in calculating the depreciation of the Group are determined as the key audit matter due to the fact that the valuation methods applied for impairment and investment properties include important estimations and assumptions.	<u>The following audit procedures we have been applied:</u> - We have reviewed and evaluated the impairment test model for the Group's property, plant and equipment. - We have evaluated the consistency of the estimates used by the Group for property, plant and equipment, intangible assets and investment properties. - Depreciation calculation of the Group has been obtained and the depreciation has been recalculated. - The appropriateness of the valuation methods used by the valuation experts in the appraisal reports of the investment properties are evaluated. Based on our audit, the disclosures in the notes to the consolidated financial statements of the Group are reviewed and the adequacy of the information included in the notes have been deemed appropriate with regards to TFRSs.

4. **Key Audit Matters (Continued)**

Key Audit Matters	**How our audit addressed the Key Audit Matter**
Financial Liabilities (Note: 10) In the consolidated financial statements of the Group, short-term and long-term financial liabilities amount to thousand TRY 19.224.676 (31.12.2020: thousand TRY 13.652.996), constituting %39,81 of the Group's total liabilities. Financial liabilities have been identified as a key audit matter due to the complexity of the audit and the calculation technique, which have a significant impact on the consolidated financial statements.	During our audit, regarding the recognition of revenue in financial statements, the following audit procedures we have been applied: -Our audit procedures are designed to question the accuracy of bank loans, and confirmatory documents such as important bank loans were provided during the audit process. - Confirmations regarding the Group's bank loan balances have been obtained. - Calculations related to current period loan interest provisions have been recalculated and checked. - Period-end exchange rate valuation transactions for foreign currency loans have been recalculated. - The explanations in the notes to the financial statements regarding bank loans were examined and the adequacy of the information included in these notes was evaluated.

5. **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

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

In preparing the financial statements, management is responsible for assessing the Company’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 Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company’s financial reporting process.

6. Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 TSAs 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 financial statements.

As part of an independent audit conducted in accordance with SIA, we exercise professional judgment and maintain professional scepticism throughout the audit. Our audit also:

• Identify and assess the risks of material misstatement in 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).
• Assess the 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 Company'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 Company'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 independent auditor's report. However, future events or conditions may cause the Company 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.

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

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.

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B) Report on Other Legal and Regulatory Requirements

In accordance with Article 378 of the Turkish Commercial Code ("TCC") numbered 6102, for Nurol Holding A.Ş. ("Company"), it is not mandatory to establish an expert committee to manage the risk since the company's shares are not traded on the stock exchange. Our audit does not include evaluating the operational efficiency and adequacy of the activities carried out by the Company Management in order to manage these risks. As a result of the independent audit, no important issue was encountered regarding the necessity of the said committee.

According to paragraph four of article numbered as 402 of TCC (6102) at the accounting period of the Company as of January 1 – December 31, 2021, there is not any important matter encountered regarding the system of bookkeeping and financial statements.

According to paragraph four of article numbered as 402 of TCC, Board of Directors made the required disclosures and provided the requested documentation within the framework of the audit.

Osman Tuğrul Özsüt is the chief auditor who conducts and finalizes this independent audit.

As Bağımsız Denetim ve YMM A.Ş.
(Member of **NEXIA INTERNATIONAL**)

Osman Tuğrul ÖZSÜT
Partner

Istanbul, 11 March, 2022

Nurol Holding A.Ş. and its Subsidiaries

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NUROL HOLDİNG A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2021 AND 31 DECEMBER 2020
(All amounts in thousands unless otherwise indicated)

ASSETS	Notes	Audited Current Period 31 December 2021 TL	Audited Current Period 31 December 2021 USD	Restated Prior Period 31 December 2020 TL	Restated Prior Period 31 December 2020 USD
Current Assets					
Cash and cash equivalents	6	6.277.009	483.684	2.573.563	350.598
Financial investments	8	12.924	996	14.387	1.960
Trade receivables					
- Due from related parties	5	20.723	1.597	62.272	8.483
- Other trade receivables	7	2.056.610	158.475	2.016.274	274.678
Other receivables					
- Due from related parties	5	170.175	13.113	262.785	35.799
- Other receivables	12	133.575	10.293	45.643	6.218
Receivables from financial sector activities	9	2.568.118	197.890	1.989.798	271.071
Derivate financial instruments		160.672	12.381	44.260	6.030
Inventories	13	3.059.047	235.719	2.076.805	282.924
Receivables from ongoing construction works and projects	15	5.282.506	407.051	3.009.213	409.947
Prepaid expenses	14	565.293	43.559	322.045	43.872
Current income tax asset	32	302.189	23.286	212.242	28.914
Other current assets	25	829.522	63.920	447.747	60.997
Total Current Assets		**21.438.363**	**1.651.964**	**13.077.034**	**1.781.491**
Non Current Assets					
Trade receivables					
- Due from related parties	5	--	--	--	--
- Other trade receivables	7	638	49	5.306	723
Other receivables					
- Due from related parties	5	56.463	4.351	25.864	3.523
- Other receivables	12	29.347	2.261	18.355	2.501
Receivables from financial sector activities	9	776.171	59.809	858.725	116.985
Derivate financial instruments		208.390	16.058	22.665	3.088
Investments	16	3.118	240	2.996	408
Investments recognized using the equity method	17	10.404.130	801.705	4.887.956	665.889
Receivables from ongoing construction works and projects	15	1.594.347	122.855	1.325.508	180.575
Investment properties	20	3.145.001	242.343	3.001.386	408.880
Property, plant and equipment	20	7.495.065	577.543	3.926.135	534.859
Intangible assets					
- Goodwill	18	73.537	5.666	73.537	10.018
- Other intangible assets	22	823.490	63.455	493.584	67.241
Prepaid taxes and funds	22	266.650	20.547	249.269	33.958
Prepaid expenses	14	26.699	2.057	15.708	2.140
Deferred tax assets	32	1.947.004	150.029	1.080.445	147.190
Total Non Current Assets		**26.850.050**	**2.068.969**	**15.987.439**	**2.177.977**
TOTAL ASSETS		**48.288.413**	**3.720.933**	**29.064.473**	**3.959.468**

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

NUROL HOLDİNG A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2021 AND 31 DECEMBER 2020
(All amounts in thousands unless otherwise indicated)

LIABILITIES	Notes	Audited Current Period 31 December 2021 TL	Audited Current Period 31 December 2021 USD	Restated Prior Period 31 December 2020 TL	Restated Prior Period 31 December 2020 USD
Current Liabilities					
Financial liabilities	10	11.694.927	901.169	7.685.344	1.046.978
Funds borrowed	11	2.079.179	160.214	1.120.098	152.592
Trade payables					
- Due to related parties	5	2.100	162	12.010	1.636
- Other trade payables	7	4.958.734	382.102	3.972.530	541.180
Liabilities for employee benefits	23	47.636	3.671	27.019	3.681
Other payables					
- Due to related parties	5	871	67	2.444	333
- Other payables	12	161.669	12.458	46.358	6.315
Derivative financial instruments		158.778	12.235	81.844	11.150
Deferred income	14	2.282.291	175.865	1.242.681	169.291
Current income tax liabilities	32	201.589	15.534	42.221	5.752
Deferred contract revenue	15	312.328	24.067	126.376	17.216
Short term provisions					
- Provisions for employee benefits	24	48.063	3.704	30.952	4.217
- Other short term provisions	23	636.859	49.074	365.029	49.728
Other current liabilities	25	458.959	35.366	191.519	26.091
Total Current Liabilities		**23.043.983**	**1.775.687**	**14.946.425**	**2.036.159**
Non Current Liabilities					
Financial liabilities	10	11.236.044	865.810	7.833.656	1.067.183
Trade payables					
- Due to related parties	5	--	--	--	--
- Other trade payables	7	1.030.632	79.417	808.441	110.134
Other payables					
- Due to related parties	5	10.914	841	3.000	409
- Other payables	12	1.118.023	86.151	40	5
Derivative financial instruments		38.169	2.941	--	--
Deferred income	14	1.172.541	90.352	817.938	111.428
Long term provisions					
- Provisions for employee benefits	24	66.481	5.123	51.559	7.024
- Other long term provisions	23	130.537	10.059	71.550	9.747
Other non current liabilities	25	62.569	4.821	--	--
Deferred tax liabilities	32	2.228.443	171.716	1.018.869	138.801
Total Non Current Liabilities		**17.094.353**	**1.317.230**	**10.605.053**	**1.444.732**
EQUITY					
Equity Attributable to Owners of the Parent					
Share capital	26	776.000	59.796	776.000	105.715
Share capital adjustment differences		(62.784)	(4.838)	(62.784)	(8.553)
Other comprehensive income/expense not to be reclassified to profit					
- Actuarial gain / (loss)		(3.918)	(302)	2.743	374
- Revaluation and reclassification gains / (loss)	26	1.191.769	91.833	980.264	133.542
Other comprehensive income/expense not to be reclassified to profit					
- Change in fair value of available-for-sale financial assets	26	5.221	402	118.773	16.181
- Hedge accounting from cash flow risk	26	5.778	445	(38.224)	(5.207)
- Currency translation differences	26	3.815.732	294.027	982.479	133.844
Restricted reserves	26	537.406	41.411	485.749	66.174
Prior years' profit/(loss)	26	(1.244.063)	(95.863)	(616.713)	(84.015)
Net profit/(loss) for the period	26	2.446.585	276.272	296.350	42.315
Translation difference		--	(87.747)		(1.943)
Non Controlling Interests		682.351	52.580	588.358	80.152
Total Equity		**8.150.077**	**628.016**	**3.512.995**	**478.577**
Commitments and contingencies		--	--	--	--
TOTAL LIABILITIES AND EQUITY		**48.288.413**	**3.720.933**	**29.064.473**	**3.959.468**

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

NUROL HOLDİNG A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED INCOME STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021 AND 31 DECEMBER 2020
(All amounts in thousands unless otherwise indicated)

	Notes	Audited Current Period 1 January - 31 December 2021 TL	Audited Current Period 1 January - 31 December 2021 USD	Restated Prior Period 1 January - 31 December 2020 TL	Restated Prior Period 1 January - 31 December 2020 USD
Sales income	27	11.556.104	1.304.934	8.499.241	1.213.588
Income from financial sector activities	27	710.080	80.183	454.164	64.849
		12.266.184	1.385.117	8.953.405	1.278.437
Cost of sales (-)	27	(7.681.213)	(867.375)	(6.326.451)	(903.340)
Cost of financial sector activities	27	(337.704)	(38.134)	(193.830)	(27.677)
		(8.018.917)	(905.509)	(6.520.281)	(931.017)
Gross profit from trading activity		3.874.891	437.559	2.172.790	310.248
Gross profit from financial sector activities		372.376	42.049	260.334	37.172
Gross profit		**4.247.267**	**479.608**	**2.433.124**	**347.420**
General administrative expenses (-)	28	(510.955)	(57.698)	(337.821)	(48.237)
Marketing, selling and distribution expenses (-)	28	(193.052)	(21.800)	(129.635)	(18.510)
Research and development expenses (-)	28	(126.063)	(14.235)	(72.885)	(10.407)
Income from other operating activities	29	145.774	16.461	160.851	22.968
Expenses from other operating activities (-)	29	(633.961)	(71.588)	(131.975)	(18.844)
Operating profit		**2.929.010**	**330.749**	**1.921.659**	**274.389**
Shares from profit / loss from investments revalued with the equity method	17	5.514.162	622.668	1.390.722	198.578
Income from investing activities	30	231.298	26.119	75.251	10.745
Expenses from investing activities (-)	30	(73.045)	(8.248)	(67.266)	(9.605)
Operating profit before financial income / (expenses)		**8.601.425**	**971.287**	**3.320.366**	**474.108**
Financial income	31	2.385.563	269.382	1.633.395	233.229
Financial expenses (-)	31	(8.380.773)	(946.370)	(4.315.859)	(616.252)
Profit / (loss) before tax from continued operations		**2.606.215**	**294.298**	**637.902**	**91.085**
Tax expenses from continued operations					
Tax	32	(155.701)	(17.582)	(44.652)	(6.376)
Deferred tax charge	32	(162.817)	(18.386)	(265.988)	(37.980)
Profit /(loss) from continued operations		**2.287.697**	**258.330**	**327.262**	**46.729**
Loss from discontinued operations		--	--	--	--
PROFIT FOR THE PERIOD		**2.287.697**	**258.330**	**327.262**	**46.729**
Distribution of profit					
Non-controlling interest	33	(158.888)	(17.942)	30.912	4.414
Equity holders of the parent	33	2.446.585	276.272	296.350	42.315
EBITDA		**3.714.146**	**419.407**	**2.560.452**	**365.601**

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

NUROL HOLDİNG A.Ş. AND ITS SUBSIDIARIES
STATEMENTS OF OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2021 AND 31 DECEMBER 2020
(All amounts in thousands unless otherwise indicated)

Other Comprehensive Income	Audited Current Period 1 January - 31 December 2021 TL	Restated Prior Period 1 January - 31 December 2020 TL
Profit for the Period	**2.287.697**	**327.262**
Other Comprehensive Income / (Expense):		
Items not to be reclassified to profit or loss	**(74.759)**	**219.947**
Revaluation of property, plant and equipment	34.486	118.561
Change in fair value of available-for-sale financial assets	(113.552)	73.745
Exemption of real estate and investment sales earning	--	(330)
Actuarial gains / loss on defined benefit plans	(5.789)	(724)
Prior period loss' adjustment	10.096	(1.038)
Effect of exclusion from consolidation	--	27.087
Nurol Holding & Gemad combination effect	--	2.646
Items to be reclassified to profit or loss	**3.057.401**	**130.504**
Currency translation differences	2.832.381	226.037
Tübitak incentive fund	507	115
Hedge accounting from cash flow risk	44.002	(95.648)
Tübitak incentive fund	5.711	--
Share premiums	174.800	--
Other Comprehensive Income / (Expense):	**2.982.642**	**350.451**
Total Comprehensive Income / (Expense):	**5.270.339**	**677.713**
Distribution of Total Comprehensive Income	**5.270.339**	**677.713**
- Non controlling interest	(158.888)	30.912
- Equity holders of the parent	5.429.227	646.801

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

NUROL HOLDİNG A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2021 AND 31 DECEMBER 2020
(All amounts in thousands unless otherwise indicated)

	Share capital	Share capital adjustment differences	Actuarial gain / (loss)	Revaluation and classification acquisition / (losses)	Foreign currency translation differences	Change in fair value of available-for-sale financial assets	Restricted reserves	Hedge accounting from cash flow risk	Prior years' income	Net profit / (loss) for the period	Equity attributable to equity holders of the parent	Non controlling interests	Total
Balance at 1 January 2020	**776.000**	**(62.784)**	**3.092**	**862.073**	**745.757**	**45.028**	**595.979**	**57.424**	**(626.146)**	**(12.073)**	**2.384.350**	**499.877**	**2.884.227**
Transfers to general reserves	--	--	--	--	--	--	--	--	(12.073)	12.073	--	--	--
Transfers from general reserves	--	--	--	--	--	--	(110.015)	--	110.015	--	--	--	--
Tübitak incentive fund	--	--	--	--	--	--	115	--	--	--	115	--	115
Change in fair value of available-for-sale financial assets	--	--	--	--	--	73.745	--	--	--	--	73.745	--	73.745
Effect of changes in IAS 19 "Employee Termination Benefits" standard	--	--	(724)	--	--	--	--	--	--	--	(724)	--	(724)
Revaluation of property, plant and equipments (Nurol Dubai LLC)	--	--	--	3.446	--	--	--	--	--	--	3.446	--	3.446
Revaluation of property, plant and equipments (Nurol GYO)	--	--	--	285	--	--	--	--	370	--	655	--	655
Exemption of real estate and investment sales earning	--	--	--	--	--	--	(330)	--	--	--	(330)	--	(330)
Gemad merger effect	--	--	375	--	--	--	--	--	2.271	--	2.646	--	2.646
Exclusion from consolidation	--	--	--	--	10.685	--	--	--	16.402	--	27.087	--	27.087
Foreign currency translation differences	--	--	--	--	226.037	--	--	--	--	--	226.037	--	226.037
Prior period loss' adjustment	--	--	--	--	--	--	--	--	(1.038)	--	(1.038)	--	(1.038)
Hedge accounting from cash flow risk	--	--	--	--	--	--	--	(95.648)	--	--	(95.648)	--	(95.648)
Revaluation of Sheraton Hotel	--	--	--	120.484	--	--	--	--	--	--	120.484	--	120.484
Deferred tax effect on revaluation of Sheraton Hotel	--	--	--	(6.024)	--	--	--	--	--	--	(6.024)	--	(6.024)
Dividends paid	--	--	--	--	--	--	--	--	(51.145)	--	(51.145)	--	(51.145)
Minority interest	--	--	--	--	--	--	--	--	(55.369)	--	(55.369)	57.569	2.200
Net profit for the period	--	--	--	--	--	--	--	--	--	296.350	296.350	30.912	327.262
Balance at 31 December 2020	**776.000**	**(62.784)**	**2.743**	**980.264**	**982.479**	**118.773**	**485.749**	**(38.224)**	**(616.713)**	**296.350**	**2.924.637**	**588.358**	**3.512.995**
Transfers to general reserves	--	--	--	--	--	--	32.421	--	263.929	(296.350)	--	--	--
Transfers from general reserves	--	--	--	--	--	--	--	--	--	--	--	--	--
Dividends paid	--	--	--	--	--	--	18.729	--	(703.456)	--	(684.727)	--	(684.727)
Change in fair value of available-for-sale financial assets	--	--	--	--	--	(113.552)	--	--	--	--	(113.552)	--	(113.552)
Effect of changes in IAS 19 "Employee Termination Benefits" standard	--	--	(5.789)	--	--	--	--	--	--	--	(5.789)	--	(5.789)
Revaluation of property, plant and equipments (Nurol Dubai LLC)	--	--	--	24.851	--	--	--	--	--	--	24.851	--	24.851
Revaluation of property, plant and equipments (Nurol GYO)	--	--	--	740	--	--	--	--	--	--	740	--	740
Revaluation of Nurol Göksu HEPP	--	--	--	8.895	--	--	--	--	--	--	8.895	--	8.895
Tübitak incentive fund	--	--	--	--	--	--	507	--	--	--	507	--	507
Realized gain on derivative financial instruments	--	--	--	--	--	--	--	44.002	--	--	44.002	--	44.002
Prior period loss' adjustment	--	--	--	--	--	--	--	--	10.096	--	10.096	--	10.096
Cash flows from sales of repurchased shares	--	--	--	2.219	--	--	--	--	3.492	--	5.711	--	5.711
Share premiums	--	--	--	174.800	--	--	--	--	--	--	174.800	--	174.800
Exemption of real estate and investment sales earning	--	--	--	--	--	--	--	--	--	--	--	--	--
Foreign currency translation differences	--	--	(872)	--	2.833.253	--	--	--	--	--	2.832.381	--	2.832.381
Minority interest	--	--	--	--	--	--	--	--	(201.411)	--	(201.411)	252.881	51.470
Net profit for the period	--	--	--	--	--	--	--	--	--	2.446.585	2.446.585	(158.888)	2.287.697
Balance at 31 December 2021	**776.000**	**(62.784)**	**(3.918)**	**1.191.769**	**3.815.732**	**5.221**	**537.406**	**5.778**	**(1.244.063)**	**2.446.585**	**7.467.726**	**682.351**	**8.150.077**

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

NUROL HOLDİNG A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOW
FOR THE PERIOD ENDED 31 DECEMBER 2021 AND 31 DECEMBER 2020
(All amounts in thousands unless otherwise indicated)

	Audited Current Period 1 January - 31 December 2021	Restated Prior Period 1 January - 31 December 2020
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit for the period	2.287.697	327.262
Adjustments to reconcile net cash generated		
Depreciation and amortization charge	802.342	638.793
Foreign currency conversion differences of depreciation of companies with different functiona	230.841	--
Provision for employee termination benefits	8.261	5.795
Period profit from investments recognied using the equity method	(5.514.162)	(1.390.722)
Other provision	347.928	86.094
Minority interest	51.470	2.200
Deferred tax asset / liability, (net)	318.518	310.640
Revaluation of investment property	(149.155)	(19.503)
Interest income excluding finance sector	(143.436)	(126.014)
Interest expense excluding finance sector	2.451.185	1.855.309
Change in fair value of derivative financial instrumetns	(125.826)	75.615
Adjustment related to profit / (loss) on disposals of fixed assets	(12.000)	(52.817)
Adjustment related to sales and acquisition of subsidiaries	2.395	--
Adjustment to dividend income	(482)	(18)
Other adjustments	8.084	2.057
Unrealized foreign exchange differences	2.925.698	832.503
Changes in net working capital	***1.497.849***	***(757.963)***
Increases/decreases in inventories	(982.242)	(590.205)
Increases/decreases in trade receivables	(29.208)	347.068
Increases/decreases in other receivables	(36.913)	(161.484)
Changes in receivables from costs on ongoing construction contracts	(2.356.180)	(1.189.615)
Changes in liabilities for employee termination benefits	20.617	(5.924)
Increases / decreases in prepaid expenses	(254.239)	(141.284)
Increases / decreases in other current assets	(381.775)	(46.727)
Increases/decreases in trade payables	545.185	506.988
Increases/decreases in other receivables	15.014	(20.973)
Increase/decreases in deferred income	1.394.213	348.245
Current income tax paid	(83.424)	(85.182)
Other current provisions	489.377	97.090
Foreign currency conversion differences of companies with different functional currencies	3.157.424	184.040
Net Cash Flows Generated From / (Used in) Operating Activities	4.987.207	1.789.231
B. CASH FLOWS FROM FINANCING ACTIVITIES		
Cash flows generated from/used in financial liabilities	1.543.348	725.242
Interest income excluding finance sector	143.436	126.014
Interest expense excluding finance sector	(2.361.865)	(1.772.819)
Cash flows arising from financial sector operations	1.008.001	273.888
Cash flows from derivative financial instruments	(17.206)	--
Dividends paid	(684.727)	(51.145)
Financial investments	(932)	6.523
Net Cash Flows Generated From Financing Activities	(369.945)	(692.297)
C. CASH FLOWS FROM INVESTMENT ACTIVITIES		
Cash flows from acquisition of fixed assets	(1.191.428)	(485.559)
Cash flows from sales of fixed assets	96.234	155.740
Dividends received	482	18
Investments	(122)	--
Effect of exclusion from consolidation	--	16.402
Cash flows from sales of repurchased shares	5.711	--
Tübitak incentive fund	507	115
Share premiums	174.800	--
Net Cash Flows Used in Investment Activities	(913.816)	(313.284)
NET INCREASE IN CASH AND CASH EQUIVALENTS	3.703.446	783.650
D.CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	2.573.563	1.789.913
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**6.277.009**	**2.573.563**

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

(Currency – Thousand Turkish Liras “TRY” unless otherwise expressed)

1. Organization and Nature of Activities of the Group

Nurol Holding A.Ş. (“the Group” or “Nurol Holding”) was established on 6 June 1989 under the name of Nurol Yatırım Holding A.Ş. On 4 September 1996, the Company changed its corporate name to Nurol Holding A.Ş.

Since its establishment, Nurol Holding A.Ş. has been coordinating the activities of its group companies operating especially in the fields of construction and contracting and other various sectors such as defence, machinery, energy, mining, manufacturing, tourism, trade, services and finance to name a few.

The Company is a member of Nurol Group. The Company is controlled by the “Çarmıklı” family members. The registered office address of the Company is Arjantin Caddesi, No:7, Gaziosmanpaşa Ankara.

The partnership structure of Nurol Holding as of 31 December 2021 and 2020 is as follows.

	Share Rate (%)	**31.12.2021**	**31.12.2020**
Nurettin Çarmıklı	33,31	258.455	258.455
Erol Çarmıklı (*)	--	--	258.455
Figen Çarmıklı	33,31	258.455	--
M. Oğuz Çarmıklı	33,31	258.455	258.455
Other sole proprietorships	<1	635	635
	100	**776.000**	**776.000**
Inflation adjustment		(62.784)	(62.784)
	100	**713.216**	**713.216**

(*)Due to the death of Mr. Erol Çarmıklı, one of the partners of the company, 33,31% share amounts of 258.455 TRY It was legally transferred to Figen Çarmıklı with the court decision dated 7 September 2021.

As of 31 December 2021, the details of the subsidiaries that are within the scope of the Group's consolidation and whose financial statements have been audited by other audit companies in accordance with the Turkish Accounting Standards (“TAS”) published by the Public Oversight and Auditing Standards Authority (“POA”) are as follows;

Subsidiaries	**Report Period**	**Report opinion**
FNSS Savunma Sistemleri A.Ş	31.12.2021	Unqualified Opinion
Nurol Gayrimenkul Yatırım Ortaklığı A.Ş.	31.12.2021	Unqualified Opinion
Nurol Yatırım Bankası A.Ş.	31.12.2021	Unqualified Opinion
Nurol Makina Sanayi A.Ş.	31.12.2021	Unqualified Opinion
Turser Turizm Servis ve Ticaret A.Ş.	31.12.2021	Unqualified Opinion
Tümad Madencilik Sanayi ve Ticaret A.Ş	31.12.2021	Unqualified Opinion
Enova Enerji Üretim A.Ş.	31.12.2021	Qualified Opinion (*)
Nurol Teknoloji Sanayi ve Madencilik A.Ş.	31.12.2021	Qualified Opinion (*)
Nurol BAE Systems Hava Sistemleri A.Ş.	31.12.2021	Qualified Opinion (*)

(*) The reason for the qualified opinion of the aforementioned companies is the lack of equity in their solo financial statements, there is no relevant issue at the group level.

Consolidated Subsidiaries

As of 31 December 2021 and 31 December 2020, the subsidiaries included in consolidation and the effective rate of ownership is as follows:

	Direct ownership rate (%)	
	31.12.2021	**31.12.2020**
Construction Group:		
Nurol İnşaat ve Ticaret A.Ş.	99,89	99,89
Nurol Gayrimenkul Yatırım Ortaklığı A.Ş. (*)	70,75	89,17
Energy Group:		
Nurol Enerji Üretim ve Pazarlama A.Ş.	99,96	99,85
Nurol Solar Enerji Üretim A.Ş.	99,70	99,70
Nurol Grup Elektrik Toptan Satış A.Ş.	80,00	80,00
Nurol Göksu Elektrik Üretim A.Ş.	100,00	100,00
Enova Enerji Üretim A.Ş.	49,96	49,96
Enova Elektrik Enerjisi Toptan Satış A.Ş.	50,00	50,00

(Currency – Thousand Turkish Liras "TRY" unless otherwise expressed)

1. Organization and Nature of Activities of the Group (Continued)

Consolidated Subsidiaries (Continued)

	Direct ownership rate (%) (%)	
	31.12.2021	**31.12.2020**
Construction Group:		
FNSS Savunma Sistemleri A.Ş.	51,00	51,00
Tümad Madencilik Sanayi ve Ticaret A.Ş.	100,00	100,00
Nurol Teknoloji Sanayi ve Madencilik Ticaret A.Ş.	99,98	99,83
Nurol Makina Sanayi A.Ş.	99,99	99,99
Nurol İleri Teknoloji Savunma Ürünleri Madencilik Sanayi Ticaret A.Ş.	70,00	70,00
Manufacturing Group:		
Nurol BAE Systems Hava Sistemleri A.Ş.	51,00	51,00
Nurol İşletme ve Gayrimenkul Yönetim A.Ş.	99,90	99,90
Botim İşletme Yönetim ve Ticaret A.Ş.	75,00	75,00
Nurol Havacılık A.Ş.	99,99	99,99
Nurol Sigorta Aracılık Hizmetleri A.Ş.	99,70	99,70
Tourism Group:		
Nurol Otelcilik ve Turizm İşletmeleri A.Ş.	99,99	99,99
Turser Turizm Servis ve Ticaret A.Ş.	99,99	99,99
Bosfor Turizm İşletmecilik A.Ş.	99,99	99,99
Finance Group:		
Nurol Yatırım Bankası A.Ş. (**)	96,33	96,33

(*) ***Nurol Gayrimenkul Yatırım Ortaklığı A.Ş. ("Nurol Gayrimenkul")***

Based on the decision of the board of directors dated 5 March 2020 and numbered 4; Provided that the Company remains within the registered capital ceiling of TRY 400.000.000, the issued capital of TRY 205.000.000, each consisting of shares with a nominal value of TRY 1, will have a total sales revenue of TRY 360.000.000, by completely limiting the pre-emptive rights of the current shareholders, the capital was decided to be increased to TRY 295.000.000 in cash by increasing TRY 90.000.000 completely and free from any collusion. The B group shares to be issued due to the capital increase are not privileged and tradable on the stock exchange, the sale price of the shares should be determined as TRY 4, all of the shares with a nominal value of TRY 90.000.000 to be increased in private placements, without public offering, with the allocated sales method of Borsa İstanbul A.Ş. share market, it was decided to be sold to Nurol Holding A.Ş. by wholesale method. On 17 March 2020, it was sold to Nurol Holding through a wholesale transaction in the stock market share market with the allocated sales method. The new version of the capital increase has been registered by the Istanbul Trade Registry Office on 16 April 2020.

In line with the decision of the Board of Directors dated 14 December 2020 numbered 2020/18, and the resolutions taken at the Capital Markets Decision Board meeting dated 11 February 2021 numbered 7/194 and published in the weekly bulletin numbered 2021/7, the issued share capital of the Company amounted TRY 295.000.000, the pre-emptive rights of the existing shareholders are completely restricted and the total sales amount will be TRY 190.000.000 by increasing the nominal capital amount to be calculated according to the share sales price to be determined within the framework of the procedure regarding wholesale purchases and sales transactions of Borsa İstanbul, it has been decided that the request for approval of the issuance document, which will be issued for the purpose of selling all of them to Nurol Holding A.Ş. by private sale method, without public offering, will be accepted positively. The capital increase amount was registered by the Istanbul Trade Registry on 23 March 2021 with its new form.

(Currency – Thousand Turkish Liras "TRY" unless otherwise expressed)

1. Organization and Nature of Activities of the Group (Continued)

Consolidated Subsidiaries (Continued)

(**) ***Nurol Yatırım Bankası A.Ş. ("Nurol Bank")***

Pursuant to the decision taken at the Ordinary General Assembly held on 29 March 2021, the paid-up capital of the Parent Bank was increased to 460.000.000 TRY by being covered by internal resources. The Ordinary General Assembly Decision was announced in the Turkish Trade Registry Gazette No. 10301dated 2 April 2021.

Investments recognized using the equity method

Otoyol Yatırım ve İşletme A.Ş.: The company was established in Ankara on 20 September 2010 to construct, operate and transfer at the end of the term of the Gebze-Orhangazi-Izmir (including Izmir Bay Crossing and Access Roads) highway. The project was designed with the build-operate-transfer model. Nurol İnşaat owns 25,95% (31 December 2020: 25,95%) of Otoyol Yatırım ve İşletme A.Ş. and has been consolidated using the equity method in the accompanying consolidated financial statements.

FNSS Middle East Co. Ltd.: FNSS Savunma Sistemleri A.Ş. a subsidiary of Nurol Holding has invested in the Company located in Saudi Arabia in 2014. FNSS Savunma Sistemleri A.Ş., owns 50% of FNSS Middle East Co. and has been included in the accompanying consolidated financial statements using the equity method.

Joint operations consolidated using the proportional consolidation method

As of 31 December 2021, and 31 December 2020, the shareholding of the Group's joint operations included in the consolidation have been provided below. Joint operations have been included using the partial consolidation method and their net assets and operations have been included in the accompanying financial statements using the proportional consolidation method.

	Joint Ventures (%)	
	31.12.2021	**31.12.2020**
Nurol - Cengiz Joint Venture	50	50
Nurol - Cengiz Hasankeyf Joint Venture	50	50
Gama - Nurol Joint Venture	50	50
NÖMAYG	25,17	25,17
Nurol - Yüksel - Özka - YDA Joint Venture	25	25
Nurol - Yüksel - YDA - Özka Joint Venture	40	40
Özgün - Nurol Joint Venture	50	50
Nurol-Gülermak Joint Venture	50	50
Nurol-Gülermak-Makyol Joint Venture	33,33	33,33
Nurol-Mesa Joint Venture	50	50
Nurol-Gülsan Joint Venture	50	50

From now on, Nurol Holding A.Ş. and its consolidated subsidiaries will be referred to as the "Group".

Among the companies within the group, the subsidiaries of the parent company, directly or indirectly, with 50% and more than 50% ownership or voting rights or controlling power over the transactions are fully included in the consolidation. Control power is considered to exist if financial and operating policies can be managed. The Group is fully effective in the management of the above-mentioned companies. According to International Accounting Standards 27 (Consolidated Financial Statements and Accounting for Associates), these subsidiaries are consolidated.

(Currency – Thousand Turkish Liras "TRY" unless otherwise expressed)

1. Organization and Nature of Activities of the Group (Continued)

As of 31 December 2021, and 31 December 2020, the breakdown of personnel employed within the Group is as follows:

	Number of Personnel	
	31.12.2021	**31.12.2020**
Nurol İnşaat ve Ticaret A.Ş.	9.368	9.226
Nurol Gayrimenkul Yatırım Ortaklığı A.Ş.	49	52
Nurol Enerji Üretim ve Pazarlama A.Ş.	3	3
Enova Enerji Üretim A.Ş.	31	31
Nurol Solar Enerji Üretim A.Ş.	6	8
Nurol Göksu Elektrik Üretim A.Ş.	18	18
Enova Elektrik Enerjisi Toptan Satış A.Ş.	6	6
FNSS Savunma Sistemleri A.Ş.	979	984
Tümad Madencilik Sanayi ve Ticaret A.Ş.	946	881
Nurol Teknoloji Sanayi ve Madencilik Ticaret A.Ş.	344	311
Nurol Makina Sanayi A.Ş.	552	550
Nurol İşletme ve Gayrimenkul Yönetim A.Ş.	18	19
Botim İşletme Yönetim ve Ticaret A.Ş.	19	15
Nurol Havacılık A.Ş.	12	12
Nurol Sigorta Aracılık Hizmetleri A.Ş.	12	11
Nurol BAE Systems Hava Sistemleri A.Ş.	39	47
Turser Turizm Servis ve Ticaret A.Ş.	7	7
Bosfor Turizm İşletmecilik A.Ş.	16	16
Nurol Holding A.Ş.	129	132
Nurol Yatırım Bankası A.Ş.	72	66
	12.626	**12.395**

The operations of the consolidated entities in the accompanying consolidated financial statements are summarized below:

Nurol İnşaat ve Ticaret A.Ş. ("Nurol İnşaat")

Nurol İnşaat ve Ticaret A.Ş. ("Nurol İnşaat") mainly operating in construction sector was established in 1966. The Group is engaged in construction of infrastructure and superstructure projects, dams, hydroelectric power plants, hotels, cooperative housing, turnkey production and industrial facilities and sewage treatment plant facilities.

The projects undertaken by the Group as of 31 December 2021 are summarized below:

Turkey Projects

- Eyiste Viaduct Project (Nurol İnşaat)
- Silifke - Mut Road Construction Works (Nurol İnşaat)
- İzmir Çiğli Tramway Line Project (Nurol İnşaat)
- Ilısu Dam and Hydroelectric Power Plant Project (Nurol Cengiz Joint Venture)
- Ordu Highway Completion Project (Nurol - Yüksel - YDA - Özka Joint Venture),
- Yeşilyaka Project (Mesa - Nurol Joint Venture)
- Ümraniye – Ataşehir - Göztepe Metro Project (Gülermak - Nurol - Makyol Joint Venture)
- Yusufeli Group Dam Bridges Project (Nurol - Gülsan Joint Venture)

Algeria Projects

- Boukhroufa Dam (Algeria)
- Souk Tlata Dam (Algeria)
- East-West-Highway – Tzi Ouzu City Connecting Highway (Algeria)

1. Organization and Nature of Activities of the Group (Continued)

Nurol İnşaat ve Ticaret A.Ş. ("Nurol İnşaat") (continued)

Romania Projects

- Nusfalau – Suplacu de Barcau 3B5 (km 66 + 500 – km 80 + 054.044) Motorway Design and Construction Works.

United Arab Emirates Projects

- Riyadh City South Phase-4 (Abu Dhabi)

Nurol Gayrimenkul Yatırım Ortaklığı A.Ş. ("Nurol Gayrimenkul")

Nurol Gayrimenkul Yatırım Ortaklığı Anonim Şirketi was established on September 3, 1997, headquartered in Istanbul. The company was established to invest in real estate-based capital market instruments, to create and develop a real estate portfolio. The company is obliged to comply with the regulations of the Capital Markets Board ("CMB") in the operating principles, portfolio investment policies and management restrictions and the relevant legislation. 49% of the Company shares were offered to the public in December 1999 and 10.29% (31 December 2020: 10.82%) of the Company shares as of 31 December 2021, and their shares are traded on Borsa Istanbul A.Ş. The company has three completed projects open for sale in Istanbul, Nurol Tower, Nurol Life and Nurol Park.

Nurol Enerji Üretim ve Pazarlama A.Ş. ("Nurol Enerji")

Nurol Enerji, was established on 18 August 1998 with the change of name of Lamaş Kalıp Makina Sanayi A.Ş. The Company operates in the energy sector in order to realize and invest in various power plant projects in the field of energy production based on various sources such as hydro, coal, solar, wind and natural gas. The Company is structured to participate in the business development and new power generation facilities within the framework of the Energy Market legislation. Based on the belief that renewable energy sources are based on renewable energy sources, Enova Enerji Üretim A.Ş. and Nurol Göksu Elektrik Üretim A.Ş. has established several new hydroelectric power plant investments. The company is developing various wind and solar power plant projects in the field of renewable energy production. For this purpose, Nurol Solar Energy Production and Marketing Inc. It was established. The Company also another important energy source for Turkey which is also interested in importing LPG and LPG storage on this issue and is working on distribution projects. On the other hand, in parallel with its energy production activities, Nurol Group has established its wholesale company and sells energy to wholesale and free consumers in the field of electricity trade.

Enova Enerji Üretim A.Ş. ("Enova Enerji")

Enova Enerji Üretim A.Ş. was established in 2003 under the partnership of Nurol and Özaltın with a share of 50% each. Within the scope of the license for 49 years granted by EMRA in 2006, Ceyhan HEPP Project construction on the Ceyhan River in Osmaniye has been completed with an investment of USD 160,000,000 between 2007-2010 and has begun energy trade as of June 2010. The plant has an installed capacity of 63,468 MW and an annual capacity of 259,000,000 kWh.

Nurol Solar Enerji Üretim A.Ş. ("Solar Enerji")

Nurol Solar Enerji Üretim ve Pazarlama A.Ş. was established in 2011. The Company was established on 21 June 2011, in order to benefit from solar energy, solar energy-based reinforcement or additional fuel in order to build and operate power plants in Ankara.

Nurol Grup Elektrik Toptan Satış A.Ş. ("Grup Elektrik")

Nurol Grup Elektrik Toptan Satış A.Ş. was established on 13 October 2010 in order to operate in the field of wholesale and direct sales of electrical energy and/or wholesales of capacity to free consumers in accordance with the legislation relating to the electricity market. In accordance with Electricity Market Law numbered 4628 and the relevant legislation, the Company has obtained a 20-year, wholesale license on 26 January 2011 in accordance with the decision of the Energy Market Regulatory Authority.

1. Organization and Nature of Activities of the Group (Continued)

Nurol Göksu Elektrik Üretim A.Ş. ("Nurol Göksu")

Nurol Göksu was established in 2013 and the Company took operating rights of Göksu Hydroelectric Power Plant through privatization for 49 years. Nurol Göksu Hydroelectric Power Plant in the province of Konya on the River Göksu, has been taken into operation in 1959 for the purpose of utilizing 81 m fall river type. Nurol Göksu Power Plant has 10,8 MW installed capacity and produces in average 65 million kW/h energy annually with a very high rate of capacity utilization in a consistent manner.

Enova Elektrik Enerjisi Toptan Satış A.Ş. ("Enova Toptan")

Özaltın Makro Elektrik Enerjisi Toptan Satış A.Ş. was established on 20 November 2009 with an office in Arjantin Caddesi No.9 Gaziosmanpaşa / Ankara. The Company changed its title to Enova Elektrik Enerjisi Toptan Satış A.Ş. on 23 September 2011. According to the Company's articles of incorporation the Company's main activity is to engage in the wholesales of electrical energy and / or capacity and sales directly to eligible consumers. In accordance with the Electricity Market Law No. 4628 and the relevant legislation, the Company has obtained a wholesale license numbered ETS / 2550-9 / 1620, dated 06.05.2010 with the decision of the Energy Market Regulatory Board.

FNSS Savunma Sistemleri A.Ş. ("FNSS")

FNSS Savunma Sistemleri A.Ş. is a leading manufacturer and supplier for armoured vehicles and weapon systems for the Turkish Armed Forces and Allied Armed Forces. FNSS is a Turkish based joint venture between Nurol Holding A.Ş. (51%) and BAE Systems Land & Armaments L.P. ("BAE Systems") (49%).

The Company was formed in connection with the desire of the Government of the Republic of Turkey to supply armoured vehicles for the Turkish Army which should, as much as possible, be fabricated and assembled in Turkey. Besides, according to the agreement, the Company has the right to export armoured vehicles outside Turkey. The Company established a branch in Saudi Arabia in 2005 in order to manage its operations related to contracts with the Saudi Arabian Government.

FNSS is a company of land defence systems that designs and manufactures efficient, reliable and innovative tracked and wheeled armoured vehicles tailored to the needs.

FNSS exports mainly to United Arab Emirates, Malaysia, Oman, Saudi Arabia and Philippines. Main products of the Company are as follows;

- Armoured Vehicle (ZMA, ZMA-15, ZMA-30 and KAPLAN) and Enhanced Armoured Personnel Carrier (GZPT)
- PARS 4x4, 6x6 and 8x8 Armoured Wheeled Vehicle
- Armoured Rescue Vehicle and modernized Armoured Personnel Carrier
- Foot Soldier Armoured Carrier Vehicle and M113 Armoured Personnel Carrier
- M113 Armoured Personnel Carrier modernization and new generation ACV-S
- Mobile Floating Attack Bridge (SAMUR) and Amphibian Bulwark Machinery (KUNDUZ).

Tümad Madencilik Sanayi ve Ticaret A.Ş. ("Tümad Madencilik")

Tümad Madencilik Sanayi ve Ticaret A.Ş. ("The Company") was established in Istanbul in 1989 and opened a branch in Ankara at the end of 2011 and moved its headquarters to Ankara in 2013. The Company is currently engaged in exploring, operating and developing the gold mines through two operational gold mines located in Lapseki- Çanakkale and İvrindi-Balıkesir. The Company's strategy is to make large-scale mining projects by making advanced searches on potential mining fields and to begin production when it is feasible to operate economically. The Company has a total of 16,433 hectares operating and research area in Turkey. The Company carries out refined gold and silver sales to the Central Bank of the Republic of Turkey ("CBRT") and other market buyers through domestic refineries.

1. Organization and Nature of Activities of the Group (Continued)

Tümad Madencilik Sanayi ve Ticaret A.Ş. ("Tümad Madencilik") (continued)

As of 2014, Batı Anadolu Madencilik Sanayi ve Ticaret A.Ş was acquired by the Company and the Lapseki Gold Mine project in Çanakkale Biga Peninsula has been added to the Company's portfolio. A total of 100,000 m drilling was carried out in the Çanakkale Lapseki project and as a result of detailed analysis and feasibility studies, the decision to invest has been made and the construction began as of July 2016. The plant began production following the temporary acceptance of the investment construction was made in December 2017.

Mining activities continue in Kestanelik and mines at Lapseki Plant. In addition, in 2019, the underground mine was commissioned and ore production started. The ores taken from the open pits and underground mine are fed to the production facility and the facility is operating at full capacity. The capacity of the facility, where 750,000 tons / year of production is made with tank leaching, will be increased with the optimizations to be made.

The Company started the İvrindi Gold and Silver Mine Enrichment Project in İvrindi district of Balıkesir province in 2012. The operation phase of the project, the construction phase of which was completed in 2019, started gold production in August 2019. The ore produced by the open pit method is processed in the heap leach process plant with an annual capacity of 7.7 m tons.

As a result of the reserve development works carried out simultaneously with the commissioning of both projects, in 16 July 2020, the European Bank for Reconstruction and Development (EBRD) signed a refinancing agreement with the consortium of Akbank and Ziraat Bank in the amount of USD 255 million with a maturity of 4 years.

Nurol Teknoloji Sanayi ve Madencilik Ticaret A.Ş. ("Nurol Teknoloji")

Nurol Teknoloji Sanayi ve Madencilik Ticaret A.Ş. which is a part of Nurol Group of Companies, was established with national capabilities in 2008 to produce ballistic ceramics and use them in personal protection and vehicle platform applications. The Company also manufactures personal protection products such as ballistic protective vests and ballistic protective shields, as well as armour systems for air land and sea platforms.

The Company operates in the research-development and production activities in the field of material technologies which include advanced technology ballistic ceramic materials and crusher rotor tips.

The Company primarily provides the security forces and the defence industry in the country with various armour needs in all areas and hybrid armour system solutions. In addition, suitable and successful solutions and sales are provided for international inquiries for ballistic projection. The Company operates in three factories located in Gölbaşı, Kazan and Şaşmaz in Ankara, has a Facility Security, NATO Secret, National Secret, 17025 Ballistic Test Laboratory Accreditation.

Nurol Makina ve Sanayi A.Ş. ("Nurol Makina")

Nurol Makina ve Sanayi A.Ş. was established in 1976 as a company operating under Nurol Holding in order to establish turn-key industrial plants and to carry out large-scale contracting works on steel construction and machinery manufacturing. With the establishment of the Undersecretaries for Defence Industries, the Company also began its activities in the field of defence industry.

Nurol Makina began its operations in 1992 in Sincan First Ankara Organized Industrial Zone. Nurol Makina has an open area of 65,000 m2 and a closed area of 25,000 m2, has carried out many important projects so far and continues its activities with its experienced staff. The Company designs and manufactures the following facilities:

- Advanced testing and measurement equipment,
- Four and five axis CNC machine tools,
- Welding robots
- Large size lasers and plasma cutting machines,
- Horizontal and vertical lathes,
- Hydraulic and eccentric presses of various capacities, including 2000 tones,
- 3D Coordinate gauge (CMM) and a wide range of measuring instruments,
- Various welding equipment,
- Paint shop,
- Assembly lines,
- Vehicle test track and pool

1. Organization and Nature of Activities of the Group (Continued)

Nurol Makina ve Sanayi A.Ş. ("Nurol Makina") (continued)

Design and production of Nurol Makina is carried out with the help of advanced engineering software. The Company makes the products with Computer Aided Design (CAD), Computer Aided Manufacturing (CAM), Enterprise Resource Planning (ERP) systems and advanced technology machines and testing infrastructure.

The Company has more than 25 years of experience in the defence industry; 4x4 segment Armoured Combat Vehicle, Armoured Personnel Carrier and Special Purpose Platform designs and produces the original system.

Nurol Makina has "NATO Confidential" and "National Confidential" level Facility Security Certificate.

Nurol İleri Teknoloji Savunma Ürünleri Madencilik Sanayi Ticaret A.Ş. ("Nurol İleri Teknoloji")

The main operating activities of Nurol İleri Teknoloji includes design research and development the field of electricity machinery, defence, chemistry, environmental, agricultural, food, material, geological, construction and software engineering. The Company performs research and development operations and contracting in this field for
private and government organizations both domestically and overseas. The Company is involved in the trading and production of materials, equipment's, hardware, software, machinery used in construction, industry and engineering fields along with the components, accessories, spare parts, working process, merchandises and raw materials and to established, operate and trade industrial plants and contracting and tender operations in this field.

Nurol İşletme ve Gayrimenkul Yönetim A.Ş. ("Nurol İşletme")

Karum Yönetim was founded in Ankara in 1991 to manage Karum Trade and Shopping Centre. The headquarter of the Company is located in Ankara. Karum Yönetim ve Ticaret A.Ş. changed its title as Karum Gayrimenkul Yönetim ve Ticaret A.Ş. in 2010. In 2011, the Company established a partnership with RGM Turkey Gayrimenkul Yönetim ve İşletme A.Ş. which is partner with German RGM Company and headquartered in Istanbul and transferred Nurol Residence and Nurol Plaza enterprises to RGM Turkey A.Ş. The management of Karum Trade and Shopping Centre was left in 2011. Karum Gayrimenkul Yönetim ve Ticaret A.Ş. changed their trade title to Nurol İşletme ve Gayrimenkul Yönetim A.Ş. on 22 April 2014

The ongoing operations are as follows:

- Running of Karum Parking lot
- Running of Real Estate Administration
- Running of Sheraton Hotel Parking lot (Branch has been closed; servicing based on the Parking Service agreement of Turser Turizm A.Ş.)

Botim İşletme Yönetim ve Ticaret A.Ş. ("Botim İşletme")

Botim İşletme was founded in 1997 in Ankara to execute the managerial activities of Bodrum Oasis Shopping and Entertainment Mall which was constructed by Nurol İnşaat ve Ticaret A.Ş. The Company which operates in the entertainment sector and executes, maintenance, landscape, security and cleaning services of the Oasis Shopping and Entertainment Mall which began operations on 7 April 1998 and is situated on a land of 50 acres consisting of 248 independent trading units.

Nurol Havacılık A.Ş. ("Nurol Havacılık")

Nurol Havacılık was established in 1997 with headquarters in Ankara to provide flight services to its customers. The Company renders services with the FALCON 2000 LX aircraft named TC SGO Çağrı both to Nurol Group Companies and other customers. Corporate flight services carried out by the Company to domestic and international destinations take place under the supervision of the European and Turkish Civil Aviation authorities. Falcon LX is a corporate aircraft with 10 VIP seating capacity. The Company's hangar and terminal facilities at Ankara Esenboğa Airport were completed in August 1998 and started to provide technical and hangar services to air taxi and aviation company passengers as well as to VIP aircrafts.

1. Organization and Nature of Activities of the Group (Continued)

Nurol Sigorta Aracılık Hizmetleri A.Ş. ("Nurol Sigorta")

Nurol Sigorta was established in 1994 to operate and provide services in all insurance branches. The Company operates as an authorized agency for Anadolu Sigorta A.Ş., Anadolu Hayat Emeklilik A.Ş., and Axa Sigorta A.Ş., Axa Hayat ve Emeklilik A.Ş., Gulf Sigorta A.Ş., Eureko Sigorta A.Ş., Chubb European Group Ltd., HDI Sigorta A.Ş., Dubai Starr Sigorta A.Ş., Generali Sigorta A.Ş., Groupama Sigorta A.Ş. Mapei Sigorta A.Ş., Acıbadem Sigorta A.Ş., Zurich Sigorta A.Ş. and Ray Sigorta A.Ş.

Nurol BAE Systems Hava Sistemleri A.Ş. ("Nurol BAE")

Nurol BNA was established in 2015 with 51% Nurol Holding and 49% BAE Systems partnership. The Company started its activities in 2016. The main activity of the Company includes design and development, engineering and business development studies, system development and production, advanced technology system integration for critical issues that may cause loss of aircraft in case of failure such as aircraft, flight control systems, fuel control systems and air conditioning systems.

The Company has HUMS and Hürjet Control Panel Projects. The employer of the HUMS project is FNSS and the Hürjet Control Panel Projects is TUSAŞ.

Nurol Yatırım Bankası A.Ş. ("Nurol Bank")

Nurol Yatırım Bankası A.Ş., was established and began banking operations in May 1999 by the permission of the council of Ministers Decree No. 98/11565 dated 6 August 1998 as an "investment bank".

The bank is established, under the condition to get the necessary permissions from the authorities, to be active in capital markets, to use the resources provided with the use of capital market instruments to invest, for the purpose of managements to meet effective management and healthier financial structure including mergers and acquisitions issues by giving consultancy services making investment banking and to be active in all areas related to investment banking.

Nurol Group is the capital group for direct or indirect dominance in the bank's capital.

Nurol Otelcilik ve Turizm İşletmeleri A.Ş. ("Nurol Otelcilik")

Nurol Otelcilik was welcomed to the sector with the opening of its first business Hotel Asena in Kuşadası in 1988. The headquarters of the Company is located in Ankara. Hotel Asena continues its operations in Kuşadası Women's Beach with its 3-star Tourism Hotel Certificate and 103 rooms and 215 bed accommodation facilities in domestic and foreign markets. In 2006 the Hotel was leased and the Company only receives rent income.

Turser Turizm Servis ve Ticaret A.Ş. ("Turser Turizm")

Turser Turizm Servis Yayıncılık ve Ticaret A.Ş. ("Turser Turizm") was established in 1993 with its headquarters located in Ankara. Turser Turizm is the owner of Sheraton Ankara Hotel & Convention Center and Lugal a Luxury Collection Hotel in Ankara. The Hotel has been operated by the Starwood Eame License and Services Company BVBA ("Operator"), who became a subsidiary of Marriott International Inc as of 23 September 2016, in line with the Operating Services Agreement ("OSA"), Sheraton Ankara Hotel & Convention Centre System License and Technical Assistance Agreement, the Luxury Collection Hotel Ankara System License and Technical Assistance Agreement and Centralized Services Agreement which were signed on 4 December 2009 as a result of the written agreement of the parties.

Bosfor Turizm İşletmecilik A.Ş. ("Bosfor Turizm")

Bosfor Turizm began to operate in tourism sector in 1980 after obtaining a group "A" license from the Ministry of Tourism. In 1995, all shares of the company were bought by Nurol Group and the Company became a fully owned subsidiary of Nurol Group. The Company's headquarter is located in Ankara. The Company provides services such as selling international and domestic plane tickets, incoming-outgoing-ingoing tour operating services, individual and group tour organizations, visa services, hotel and motel reservations, transfer services from/to airports, guiding services, organizations of dealer conventions inside and outside the country, congresses and seminars, short term and long term leasing of chauffeured and non-chauffeured vehicles, fleet, yacht and depending on the number of passengers private aircrafts and helicopters, motivational trips and day to day vicinity trips.

2. Basis of Presentation of the Financial Statements

Basis of Presentation

The Group keeps and prepares its statutory books and statutory financial statements in accordance with the accounting principles set by the Turkish Commercial Code ("TCC") and tax legislation.

The accompanying consolidated financial statements have been prepared in accordance with the provisions of the "Communiqué on Principles of Financial Reporting in the Capital Markets" ("Communiqué") numbered II-14.1 published in the Official Gazette dated 13 June 2013 and numbered 28676 of the Capital Markets Board ("CMB").

Companies that make financial reporting in accordance with the CMB legislation are obliged to implement the Turkish Financial Reporting Standards ("TFRS") published by the Public Oversight, Accounting Standards and Auditing Authority of Turkey ("POA"), according to Article 5 of the Communiqué. It consists of Turkish Financial Reporting Standards, Turkish Accounting Standards ("TAS") / TFRS and related annexes and comments.

Consolidated financial statements are presented in accordance with the formats specified in the "Announcement on TMS Taxonomy" published by the POA on 15 April 2019 and the "Financial Statement Examples and User Guide" published by the CMB.

The accompanying consolidated financial statements are based on the Group's legal records and have been prepared by making the necessary adjustments and classifications in order to present the Company's financial position adequately and to make a correct presentation in accordance with TFRS.

Functional and reporting presentation currency

The currency and functional currency of the country of residence of the Company is Turkish Lira ("TRY"). The Company uses the measurement items in its financial reports and the functional currency as Turkish Lira.

The financial statements of each business of the Group are presented in the currency of the primary economic environment in which they operate ("functional currency").

Financial statements of subsidiaries, joint ventures and affiliates operating in foreign countries

In the consolidated financial statements of subsidiaries, joint ventures and associates operating in foreign countries, which are prepared in accordance with the Group's accounting policies; Assets and liabilities are translated into TRY using the foreign exchange rate on the balance sheet date, and income and expenses are converted into TRY using the average exchange rates. Currency differences resulting from the use of closing and average exchange rates are followed under the "foreign currency translation differences" item in shareholders' equity.

Approval of consolidated financial statements

The consolidated financial statements of the Group as of 31 December 2021 were approved by the Board of Directors on 11 March 2022 and authorized for publication. The General Assembly has the authority to change the consolidated financial statements.

Going Concern

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

The COVID-19 epidemic, which was declared a pandemic by the World Health Organization on 11 March 2020, continues to cause disruptions in activities around the world and adversely affect economic conditions. As a result, the effects of the pandemic continue in many areas such as asset prices, liquidity, exchange rates and interest rates, and uncertainties regarding the future continue. It is considered that the impact of the pandemic may create negative effects on economic activities in the world and in Turkey in 2021 as well as in 2020. This situation does not have a significant impact on the Group.

Measurement Fundamentals

Consolidated financial statements are prepared on the historical cost basis of TAS 29 "Financial Reporting in Hyperinflationary Economies" applied until 31 December 2004.

2. Basis of Presentation of the Financial Statements (Continued)

Restatement and Errors in the Accounting Policies Estimates

Accounting policy changes resulting from the first application of a new standard, if any, are applied retrospectively or prospectively in accordance with the transitional provisions. Changes that do not include any transitional provisions, optional significant changes in accounting policy or accounting errors detected are applied retrospectively and prior period financial statements are restated. Changes in accounting estimates are applied in the current period if the change is made, if it relates to only one period, and both in the period when the change is made and prospectively if it is related to future periods.

Principles of Consolidation

Consolidated financial statements, parent company Nurol İnşaat ve Sanayi A.Ş. and its subsidiaries, affiliates, joint ventures and financial investments accounts prepared according to the principles set forth in the following articles. During the preparation of the financial statements of the companies included in the consolidation, necessary adjustments and classifications were made in terms of compliance with the TAS/TFRS, which was put into effect by the POA in accordance with the provisions of the Communiqué Serial II, No. 14.1, and compliance with the accounting policies and presentation styles applied by the Group.

Subsidiaries

Subsidiaries refer to companies in which the Company is exposed to or has rights to variable returns from its involvement with the investee, and over which it has control because it has the ability to affect these returns through its power over the investee.

Subsidiaries are included in the scope of consolidation from the date on which control over their activities is transferred to the Group and are excluded from the scope of consolidation on the date that control ceases.

Consolidated financial statements include the financial statements of the companies controlled by the Company and its subsidiaries. Control is provided by the Company's fulfilment of the following conditions:

(i) has power over the investee/asset,
(ii) is open to or entitled to variable returns from the investee/asset, and
(iii) can use its power to have an impact on returns.

In the event of a situation or event that may cause any change in at least one of the criteria listed above, the Company re-evaluates whether it has control over its investment.

The financial position statements and profit or loss statements of the subsidiaries are consolidated using the full consolidation method, and the book values of the subsidiaries owned by the Company and their equity are mutually offset. Intra-group transactions and balances between the Company and its subsidiaries are deducted during consolidation. The book values of the shares owned by the Company and the dividends arising from them have been netted off from the related equity and profit or loss statement accounts.

Branches

The branch may not have a different main contract than the parent company; As a result, the branch can act as a parent company in the parent company's fields of activity. Each branch should use the name of the parent company by stating that it is a branch.

Although a branch may act independently from the parent company in its commercial relations with third parties and companies, the rights and obligations arising from its transactions belong to the parent company. Legal cases that may arise as a result of the transactions of the branch can be heard in the relevant court in the headquarters of the parent company or in the relevant courts in the center where the branch is located. The financial statement items of the Branch were combined one by one and mutually lowered from each other.

2. Basis of Presentation of the Financial Statements (Continued)

Principles of Consolidation (Continued)

Joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Investments

The Group's shares in associates valued using the equity method consist of shares in associates. Associates are assets over which the Group has significant influence, but not control or joint control, over its financial and operating policies.

Associates are accounted for using the equity method. Associates are companies in which the Group has voting power between 20% and 50% or the Group has power to participate in the financial and operating policy decisions but not control them. Unrealized gains or losses arising from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates.

Non-controlling interests

Non-controlling interests are measured in their proportional share of the acquirer's net assets at the acquisition date. Changes in the shares of subsidiaries without losing the Group's control power are accounted for as equity transactions. Accordingly, in additional share purchase transactions from non-controlling interests, the difference between the acquisition cost and the book value of the company's net assets in proportion to the purchased shares is accounted for under equity. In the sale of shares to non-controlling interests, losses or gains resulting from the difference between the sales price and the book value of the company's net assets in proportion to the sold share are also accounted for under equity.

Transactions eliminated on consolidation

Intra-group balances and transactions and unrealized income and expenses arising from intra-group transactions are eliminated. Unrealized gains from transactions with equity are eliminated in proportion to the Group's interest in the investee. In the absence of any impairment, unrealized losses are eliminated in the same way as unrealized gains.

Comparative Information and Adjustment of Financial Statements of Previous Period

The consolidated financial statements of the Group are prepared comparatively with the previous period in order to enable the determination of financial position and performance trends. In order to comply with the presentation of the current period consolidated financial statements, comparative information is reclassified when deemed necessary and significant differences are disclosed (Note:38).

New and Revised International Financial Reporting Standards

a) Standards, amendments and interpretations applicable as at 31 December 2021:

Amendments to IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform Phase 2; effective from annual periods beginning on or after 1 January 2021. The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one. The Phase 2 amendments provide additional temporary reliefs from applying specific IAS 39 and IFRS 9 hedge accounting requirements to hedging relationships directly affected by IBOR reform.

Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 9; effective from annual periods beginning on or after 1 January 2023. These amendments defer the date of application of IFRS 17 by two years to 1 January 2023 and change the fixed date of the temporary exemption in IFRS 4 from applying IFRS 9, Financial instrument until 1 January 2023.

2. Basis of Presentation of the Financial Statements (Continued)

New and Revised International Financial Reporting Standards (Continued)

Standards, amendments and interpretations that are issued but not effective as at 31 December 2021:

Amendment to IFRS 16, 'Leases' – Covid-19 related rent concessions Extension of the Practical expedient; as of March 2021, this amendment extended till June 2022 and effective from 1 April 2021.As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On 28 May 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs.

IFRS 17, 'Insurance contracts'; effective from annual periods beginning on or after 1 January 2023. This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features.

Amendments to IAS 1, Presentation of financial statements on classification of liabilities; effective date deferred until accounting periods starting not earlier than 1 January 2024. These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant). The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16; effective from Annual periods beginning on or after 1 January 2022.

o **Amendments to IFRS 3**, 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

o **Amendments to IAS 16**, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss.

o **Amendments to IAS 37**, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making.

Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial instruments', IAS 41, 'Agriculture' and the Illustrative Examples accompanying IFRS 16, 'Leases'.

Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8; effective from annual periods beginning on or after 1 January 2023. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.

Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction; from annual periods beginning on or after 1 January 2023. These amendments require companies to recognize deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences.

2. Basis of Presentation of the Financial Statements (Continued)

Summary of Significant Accounting Policies

Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts (Note 6). Bank deposits with original maturities of more than three months are classified under short-term financial investments.

Related Parties

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to as the 'reporting entity').

(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;
(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 (continued):

(i) The entity and the reporting entity are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
(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 defined 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).

Transaction with related party is a transfer of resources, services or liabilities between the reporting entity and the related party, disregarding it is with or without a value.

Revenue

Revenue is recognized in the consolidated financial statements within the scope of the five-step model described below.

- Definition of contracts with customers,
- Definition of liabilities in contracts,
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the entity; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

The Group evaluates the goods or services it undertakes in each contract with the customers and determines each commitment to transfer the said goods or services as a separate performance obligation. For each performance obligation, it is determined at the beginning of the contract that the performance obligation will be fulfilled over time or at a certain time. If the Group transfers the control of a good or service over time and thus fulfils the performance obligations related to the related sales over time, it measures the progress of the fulfilment of the performance obligations and recognizes the revenue in the financial statements.

2. Basis of Presentation of the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Revenue (Continued)

The revenue recognition of the Group's different activities is explained below:

Income from construction contracts
Cost of contracts is recognized when incurred. These costs include the costs that relate directly to the specific contract and the costs that are attributable to contract activity in general and can be allocated to the contract and the other costs that are specifically chargeable to the customer under the terms of the contract. A major part of the costs includes the development expenses of the projects.

Where the outcome of a construction contract cannot be estimated reliably, revenue is recognized to the extent of contract costs incurred that it is probable that it will be recoverable. Where the outcome of a construction contract can be estimated reliably, revenue is recognized over the terms of the contract term. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.

Where the outcome of a construction contract cannot be estimated reliably, revenue is recognized to the extent of contract costs incurred that it is probable that it will be recoverable.

Revenue is measured at the fair value of the collected or uncollected receivables. Estimated returns, discounts, and allowances are deducted from afore mentioned value in the contract term. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.

Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

The Group uses the "percentage-of-completion method" to determine the appropriate amount to recognize in a given period. The stage of completion is measured by reference to the contract costs incurred up to the reporting date as a percentage of total estimated costs for each contract. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as inventories, prepayments or other assets, depending on their nature.

Each project contract is evaluated by the technical teams regarding the expected change in the upcoming costs and the profitability of the contracts that is determined as of the balance sheet dates. Besides the amounts of the contracts subjected to escalation as of the reporting date, are estimated based on the contract details.

Government grants, if any, are also taken into consideration while calculating the profitability of the contract. The grants are recognized by offsetting from the costs in accordance with TAS 20 "Accounting for Government Grants and Disclosure of Government Assistance".

The Group presents the amount as an asset if the gross amounts due from customers for customer work for all contracts in progress for which costs incurred plus recognized profits (less recognized losses) exceed progress billings. Progress billings not yet paid by customers and retention are included within "Trade Receivables".

The Group presents the amount as a liability if the gross amount due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognized profits (less recognized losses). Contract costs are recognized as profit or loss in the period they occur as long as they do not create an asset related to future contractual activities. Expected contractual losses are immediately recognized as profit or loss.

Ongoing project works refer to the gross amounts received from clients for the project works related to the project contracts. Ongoing project works are measured by adding to incurred losses the profits received and deducting progress invoices and losses recognized. The gain recognized on the costs and losses recorded over the progress invoice for all project contracts, ongoing project works are recognized under trade and other receivables in the statements of financial position. The difference of contract invoices and recorded loss total that exceeds the cost of earnings recognized is accounted for as deferred revenue in the statement of financial position. Advances received from clients are shown as deferred income / revenue in the financial statements.

2. Basis of Presentation of the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Revenue (Continued)

Service revenues

Income from the service delivery contract is recognized according to the completion stage of the contract.

Electricity sales revenue

Electricity sales revenues are recorded on an accrual basis over invoiced amounts in case of electricity delivery.

Ongoing Project Activities

Project revenue and costs are recognized as revenue and expenses, respectively, when the outcome of a construction contract can be estimated reliably. The percentage of completion method is used to recognize revenue on a project as work progresses by matching contract revenue with project costs incurred based on the proportion of work completed which is determined by the ratio of actual costs incurred through to the end of each reporting period divided by the total estimated project costs of the projects. Contracts to manage, supervise or coordinate the construction activity of others are recognized only to the extent of the fee revenue.

Project costs include all direct material and labour costs and those indirect costs related to contract performance, such as indirect labour, supplies, tools, repairs and depreciation costs. Selling, general and administrative expenses are charged to the income statements as incurred. Provisions for estimated losses on uncompleted contracts are made in full, in the period in which such losses are determined. Changes in job performance, job conditions and estimated profitability, including those arising from contract penalty provisions and final contract settlements may result in revisions to costs and income and are recognized in the period in which the revisions are determined. Profit incentives are included in revenues when their realization is reasonably assured.

Costs of project contracts represent the costs incurred les the sum of recognized costs (in the income statements) for all contracts in progress. Deferred revenue in excess of costs on uncompleted contracts represents future billings in excess of revenues recognized in the income statement. These cost and deferred revenue are subsequently recognized in the income statement based on completion method which is based on engineering reports.

Gold sales revenues

Sales revenues consist of a combination of gold and silver dore bars delivered to gold refiners, the significant risks and rewards associated with the product are transferred to such gold refiners, the amount of revenue can be measured reliably and it is highly probable that the economic benefits associated with the transaction will be borne by the Group are taken to the records on the basis of the fair value of the price received or receivable. Net sales represent the invoiced value of the resale product, returns and discounted discounts.

Ballistic and armour products sales

Revenue is considered to be considered when the significant risks and rewards related to the products are transferred to the buyer, it is probable that the economic benefits associated with the sale will flow to the entity and the amount of revenue can be calculated reliably. Revenues and expenses related to the same transaction are taken to the financial statements simultaneously.

Rental income from real estate rentals

Rental income from real estate is recognized on an accrual basis on a straight-line basis throughout the relevant lease agreement. If there are benefits provided by the Company to its lessees, these are also recorded in such a way as to reduce the rental income during the rental period.

2. Basis of Presentation of the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Revenue (Continued)

Real estate sale

The revenue is recognized in the financial statements when the contracted real estate is transferred to the customer and the performance obligation specified in the contract is fulfilled. When the control of the real estate is in the hands of the customer, the real estate is transferred.

Installation of software services

The Group provides installation services for a variety of featured software. These services are considered as time-consuming performance obligations. The revenue for installation services is recorded as revenue depending on the stage of completion of the contract. The executives consider that the completion phase determined by the ratio of the time spent on installation to the planned total duration as of the date of the financial statement can be used to reasonably measure the progress towards full performance of these performance obligations under TFRS 15. The payment for the installation of the software services is made after the completion of the installation service and the amounts that are earned as a result of the service provided until the installation service is completed are reflected in the financial statements as a contract asset.

Finance sector

Explanations on futures and options contracts and derivatives

Derivative products held for trading (forward foreign currency purchase and sale contracts, swap transactions) of the Bank are classified, measured and accounted for in accordance with the provisions of "TFRS 9". Liabilities and receivables arising from derivative transactions are recorded in off-balance sheet accounts over contract amounts. Derivative transactions are valued at fair value and are shown in the balance sheet in Derivative Financial Assets Held for Trading or Derivative Financial Liabilities accounts, depending on whether the fair value is positive or negative. As a result of the valuation, the differences in the fair value are reflected in the income statement.

Explanations on interest income and expense

Financial assets that are credit-impaired when purchased or granted, and credit-impaired financial assets when purchased or granted, with interest income based on the effective interest method (the ratio that equates to the present net present value of the future cash flows of the financial asset or liability) as defined in TFRS 9 Except for the financial assets that are not credited but become financial assets, they are accounted for by applying an effective interest rate to the gross book value of the financial asset.

If the financial asset is credit-impaired and is classified as non-performing loans, effective interest is applied to the amortized cost of the asset in subsequent reporting periods for such financial assets. The said interest income calculation is made on the basis of each contract for all financial assets subject to impairment calculation. In the expected credit loss models, the effective interest rate is applied when calculating the loss rate in case of default, and the expected credit loss calculation includes the said interest amount.

For this reason, a classification is made between the "Expected Loss Provisions Expenses" account and the "Interests Received from Loans" account in the income statement for the related amount calculated. If the credit risk of the financial instrument has improved such that the financial asset is no longer credit-impaired and this improvement can be objectively attributed to a later event (such as an increase in the borrower's credit rating), interest income for subsequent reporting periods is calculated by applying the effective interest rate to the gross book value. Interest income and expenses are recorded at their fair values and are accounted for on an accrual basis using the effective interest method (the rate that equates the future cash flows of the financial asset or liability to its current net book value) considering the current principal amount.

2. Basis of Presentation of the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Revenue (Continued)

Explanations on fees and commission income and expenses

Fees and commissions, except those that are an integral part of the effective interest rate of financial instruments measured at amortized cost, are accounted for in accordance with TFRS 15 Revenue from Contracts with Customers. Fees and commission income and expenses, excluding fee income from certain banking transactions that are recorded as income at once during the service period, and loan fees and commission expenses paid to other credit institutions and organizations are recognized on an accrual basis throughout the service period.

Inventories

Inventories are valued at the lower of cost or net realizable value. Cost elements included in inventories are materials, labour and an appropriate amount for factory overheads. The cost of borrowings is not included in the costs of inventories. The cost of inventories is determined on the weighted average basis for each purchase. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

Stocks of ongoing housing projects

Inventories comprise of construction costs of housing units (completed and in-progress) and the cost of land used for to these housing projects. Land held for future development of housing projects are also classified as inventory. Cost elements included in inventory are purchase costs, conversion costs and other costs necessary to prepare the asset for its intended use. Unit costs of the inventories are valued at the lower of cost or net realizable value. Housing units which are completed and ready for delivery to customers together with work-in progress costs for housing units which will be completed within a year, are classified as short-term inventories in the financial statements.

Mine Stocks

Inventories are mainly comprised of ore stockpiles, gold in circuit, dores, chemicals and spare parts. Inventories are valued at the lower of cost and net realizable value. For each mine field, cost of inventory consists of purchase of materials, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost of conversion includes direct labour and allocation of fixed and variable production overheads. Stockpiles, gold in circuit and dores are measured by the number of contained gold oz. and the estimated recovery rate based on the processing method. Stockpiles and gold in circuit amounts are verified by periodic surveys. Production overheads for each mine facility, include amortization and depreciation of mining assets in the respective mine field like asset retirement costs, mine development costs and deferred stripping cost, at the relevant stage of production. Inventories are valued 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. The costs of inventories are determined on a weighted average basis for each mine field (Note 13).

Property, Plant and Equipment

Property, plant and equipment are carried at cost less accumulated depreciation except the buildings which are carried according to the revaluation model and any impairment in value. The initial cost of property, plant and equipment comprises its purchase price and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenses for the repair of property, plant and equipment are normally charged against income. They are, however, capitalized in exceptional cases if they result in an enlargement or substantial improvement of the respective assets.

Gain or losses on disposal of property, plant and equipment are included in the related operating income or expense line item and are determined as the difference between the carrying value and amounts received.

Leased assets are subject to similar amortization procedures, as with the other tangible assets on the shorter of the related leasing period and economic life of the asset.

Cost amounts of property, plant and equipment assets excluding land and construction in progress are subject to amortization by using the straight-line method in accordance with their expected useful life. There is no depreciation allocated for lands due to indefinite useful lives.

(Currency – Thousand Turkish Liras "TRY" unless otherwise expressed)

2. Basis of Presentation of the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Property, Plant and Equipment (Continued)

The depreciation periods for property, plant and equipment, which approximate the economic useful lives of such assets, are as follows:

Useful Life	
Buildings	4-50 years
Land improvements	4-50 years
Machinery and equipment	4-20 years
Motor vehicles	3-5 years
Furniture, fixtures and office equipment	4-50 years

Intangible Assets and Amortization

Intangible assets which are mainly software licenses and mining extraction rights are measured initially at cost. An intangible asset is recognized if it meets the identifiability criterion of intangibles, control exists over the asset; it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the costs can be measured reliably. Intangible assets are carried at cost less accumulated amortization and impairment. Amortization of intangible assets is allocated on a systematic pro-rata basis using the straight-line method over their estimated useful economic lives (3-5 years).

Energy licenses

In 2013, the Group bought the operating right of the Göksu Hydroelectric Power Plant for 49 years, amounting to TRY 119,738 thousand ($ 52,500 thousand) through privatization. Göksu Hydroelectric Power Plant was established within the borders of Konya Province.

In 2003, the Group established Enova Energy Production Inc. in partnership with Özaltın Group for energy production and sales. Enova Energy Production Inc. has a production license of 22,893 thousand TRY dated 21 December 2006, obtained from the Energy Market Regulatory Board regarding the production facility.

Mining extraction rights and mining exploration, drilling and development expenses

Exploration costs are expensed as incurred when a decision is made that a mining property is capable of commercial production (when the Group management is able to demonstrate that future economic benefits are probable, which will be the establishment of increased and probable reserves at the relevant location) and legal permissions are obtained (e.g. mining license) for a specific area of interest; all further pre-production expenditure, including the costs related to property acquisitions and mineral and surface rights together with evaluation activities such as geological, geochemical studies and drilling for further technical feasibility (such as in-field exploration) in the relevant area of interest are capitalized.

Besides the regular exploration activities in green field zones, the Group continues further drilling activities within the area of operational mines, defined as "exploration during mine". All related expenditures of "exploration during mine", are monitored and assessed by each drilling zone at each balance sheet date, and accordingly the Group capitalizes the expenditures of particular drillings only when it is probable to get future economic benefits, namely as proven and probable reserve is established as a result of those drillings and/ or considering the existence of new or additional proven and probable reserves in the respective mine area ("area of interest").

Where the Group management considers that there is an impairment indicator such as significant decrease in resource and reserve, serious mine accidents, expiration or permanent cancellation of rights, impairment is assessed and recognized for the amount by which the carrying amount of the asset exceeds its recoverable amounts, which is the higher of fair value less cost to sell or value in use.

(Currency – Thousand Turkish Liras "TRY" unless otherwise expressed)

2. Basis of Presentation of the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Intangible Assets and Amortization (Continued)

Amortization of acquired mining licenses

According to Article 20 of the IFRIC "Interpretation of Stripping Costs in the Production Phase of the Open Pit Mine" numbered 2, "In the development phase of the mine (before starting production), stripping costs are usually capitalized as part of the depreciable cost of the establishment, development and construction of the mine. These capitalized costs are depreciated or amortized in a systematic manner, usually by using the production unit method after production begins."

Tümad Mining has 10 mining licenses in total. Information on licenses is as follows:

License (Registration) Number	Province	County	License Enforcement Date	Essence	Period
86082	Çanakkale	Lapseki	4.09.2009	operating license	25 years
88276	Balıkesir	İvrindi	21.01.2014	operating license	30 years
17798	Çanakkale	Lapseki	16.12.2019	operating license	10 years
27480	Çanakkale	Lapseki	15.11.2019	operating license	10 years
79099	Çanakkale	Lapseki	16.12.2019	operating license	10 years
69073	Çanakkale	Lapseki	16.12.2019	operating license	10 years
88919	Çanakkale	Lapseki	17.07.2018	operating license	10 years
61515	Çanakkale	Lapseki	29.05.2019	operating license	10 years
200706189	Balıkesir	İvrindi	17.09.2020	operating license	10 years
68955	Çanakkale	Lapseki	20.01.2020	operating license	15 years

Evaluation of research expenses and development costs within the scope of Articles 52 to 67 of TAS 38 "Intangible Assets"

Planned activities to obtain new technological information or findings are defined as research and research expenses incurred at this stage are recorded as expense when incurred.

The application of research findings or other information to a plan prepared to produce new or significantly improved products, processes, systems or services is defined as development and is recognized as intangible assets resulting from development if all of the following conditions are met.

Internally generated intangible assets resulting from development activities (or the development phase of an internal project) are recognized only when all of the following conditions are met;

- It is technically possible to complete the intangible asset so that it is ready for use or ready for sale.
- Intention to complete, use or sell the intangible asset
- Whether the intangible asset can be used or sold, and it is clear how the asset will generate possible future economic benefits.
- Availability of appropriate technical, financial and other resources to complete the development of the intangible asset, use or sell the asset
- The development cost of the intangible asset can be measured reliably during the development process.

2. Basis of Presentation of the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Intangible Assets and Amortization (Continued)

Evaluation of research expenses and development costs within the scope of Articles 52 to 67 of TAS 38 "Intangible Assets (continued)

The amount of intangible assets created internally is the total amount of expenses incurred since the intangible asset meets the above-mentioned recognition conditions. When internally generated intangible assets cannot be recognized, development expenditures are recorded as expense in the period in which they are incurred. After initial recognition, internally generated intangible assets are reported at cost less accumulated depreciation and accumulated impairment losses, just like intangible assets purchased separately.

The Group acquires a portion of certain intangible assets under paragraphs 27 and 32 of IAS 38. In this context, it capitalizes the costs that are obtained separately from the outside and directly associated with the asset. In particular, the costs incurred within the framework of paragraph 28 of TAS 38 are capitalized.

Software licenses

Software licenses are measured initially at cost. Software licenses are allocated on a pro-rata basis using the straight-line method over their estimated useful lives and are carried at cost less accumulated amortization and impairment. The estimated useful lives of software licenses are 3-22 years.

Intangible assets acquired

Intangible assets acquired separately are reported at cost less accumulated amortization and accumulated impairment losses. Amortization is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in accounting estimates for on a prospective basis.

The useful lives of the intangible assets are as follows:

Useful life	
Rights	2-6 years
Computer software	2-3 years
Development expenses	1-5 years

The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Expenditures made within the scope of research activities are recognized in profit or loss when they occur.

Intangible assets are carried at cost less accumulated amortization and impairment. Amortization of intangible assets is allocated on a systematic pro-rata basis using the straight-line method over their estimated useful economic lives.

Derecognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

Investment Properties

Investment properties are properties held to earn rentals and/or for capital appreciation, including property under construction for such purposes. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value.

2. Basis of Presentation of the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Investment Properties (Continued)

The profit or loss recognized due to the changes in the fair value of an investment property is included in the current year's comprehensive income statement. The profit or loss recognized due to condemnation or disposal of an investment property is the difference between net collection obtained from the disposal of the asset and the book value of the real estate, and it is accounted in the income statement under fair value increase in investment properties.

The borrowing costs related to qualifying assets is also recognized during the construction of the asset, the mentioned capitalization continues until the completion of the construction. The Group does not include the daily service expenses related to real estate in the book value of the investment property. Those costs are recognized in the profit or loss statement to the extent that they are realized. Maintenance expenses related to the real estates are recognized in the profit and loss statement in the relevant period.

After initial recognition, investment property is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods, such as discounted cash flow projections. The Group considers the conditions resulted with the difference in the determination of the fair value of the investment properties in order to make the most reliable estimation.

The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this future expenditure.

- Commencement of owner-occupation, for a transfer from investment property to owner occupied property;
- Commencement of development with a view to sale, for a transfer from investment property to inventories;
- End of owner-occupation, for a transfer from owner-occupied property to investment property or
- Commencement of an operating lease to another party, for a transfer from inventories to investment property

For a transfer from investment property carried at fair value to owner-occupied property or inventories, the property's deemed cost for subsequent accounting in accordance with TAS 16 shall be its fair value at the date of change in use.

If an owner-occupied property becomes an investment property that will be carried at fair value, the Group shall apply TAS 16 up to the date of change in use. The Group shall treat any difference at that date between the carrying amount of the property in accordance with TAS 16 and its fair value in the same way as a revaluation in accordance with TAS 16.

Up to the date when an owner-occupied property becomes an investment property carried at fair value, an entity depreciates the property and recognizes any impairment losses that have occurred. The Group treats any difference at that date between the carrying amount of the property in accordance with TAS 16 and its fair value in the same way as a revaluation in accordance with TAS 16. In other words:

(a) Any resulting decrease in the carrying amount of the property is recognized in profit or loss. However, to the extent that an amount is included in revaluation surplus for that property, the decrease is recognized in other comprehensive income and reduces the revaluation surplus within equity.

2. Basis of Presentation of the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Investment Properties (Continued)

(b) Any resulting increase in the carrying amount is treated as follows:

(i) To the extent that the increase reverses a previous impairment loss for that property, the increase is recognized in profit or loss. The amount recognized in profit or loss does not exceed the amount needed to restore the carrying amount to the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized.
(ii) Any remaining part of the increase is recognized in other comprehensive income and increases the revaluation surplus within equity. On subsequent disposal of the investment property, the revaluation surplus included in equity may be transferred to retained earnings. The transfer from revaluation surplus to retained earnings is not made through profit or loss.

Hydroelectric Power Plant owned by Nurol Göksü Elektrik Üretim A.Ş. In 2021, CMB licensed Smart Kurumsal Değerleme ve Danışmanlık A.Ş. It was re-evaluated with the expertise (expert) report given by the company. The valuation difference between the appraised amount and the recorded amount (according to the appraisal report) has been recorded in the "Tangible Fixed Assets Revaluation" account in the equity in the accompanying consolidated financial statements.

The Group's Turser Turizm Servis ve Ticaret A.Ş. Sheraton Hotel and Convention Center-Lugal, which is located in the investment properties in the company, was established by Net Corporate Valuation and Consultancy Inc. in 2020. As of 2020, the valuation difference between the appraised amount and the recorded amount (according to the appraisal report) has been recorded in the "Tangible Fixed Assets Revaluation" account in the equity in the attached consolidated financial statements.

The Group, Sheraton Hotel and Convention Center-Lugal in 2021, 24 Real Estate Valuation and Consultancy Inc. It was re-evaluated with the expertise (expert) report given by the company. The valuation difference (according to the appraisal report) between the appraised amount and the recorded amount has been recorded in the "income from investment activities" account in the profit/loss statement in the attached consolidated financial statements.

As for Nurol Gayrimenkul Yatırım Ortaklığı A.Ş. investment properties are valued every year, gains, and losses arising from changes in the fair value of investment property has been included in income statement in the period they occur (Note 20).

Finance Leases

The Group - as the lease

The Group evaluates whether a contract is a lease or contains lease terms at the inception of the contract. The Group recognizes the right-of-use asset and the related lease liability for all leases of which it is a lessee, except for short-term leases (leases with a lease term of 12 months or less) and leases of low value assets.

For these leases, the Group recognizes the lease payments as operating expense on a straight-line basis over the lease term, unless there is another systematic basis that better reflects the timing structure in which the economic benefits from the leased assets are used.

In the initial recognition, lease obligations are accounted for at the present value of the lease payments that were not paid at the contract inception date, discounted at the lease rate. If this rate is not specified beforehand, the Group uses the alternative borrowing rate to be determined by itself.

The lease payments included in the measurement of the lease liability consist of:

- fixed lease payments (substantially fixed payments) less any lease incentives;
- variable lease payments based on an index or rate, initially measured using an index or rate at the commencement date of the lease;
- the enforcement price of the payment options where the lessee will reasonably implement the payment options; and

2. Basis of Presentation of the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Leases (Continued)

Group - as a lessee (Continued)

- penalty payment for the cancellation of the rental if there is a right to cancel the rental during the rental period.

The lease liability is presented as a separate item in the consolidated statements of financial position.

Lease liabilities are measured by increasing the net carrying amount (using the effective interest method) to reflect the interest on the subsequent lease liability and decreasing the carrying amount to reflect the lease payment made. The Group remeasures the lease liability (and makes appropriate changes to the related right-of-use asset) if:

- When the lease liability is remeasured by discounting the revised lease payments using the revised discount rate when a change occurs in the assessment of the lease term or exercise of a purchase option.
- When the lease payments change due to changes in the index, rate, or expected payment change in the promised residual value, the restated lease payments are discounted using the initial discount rate and the lease liability is remeasured (the revised discount rate is used if the change in lease payments is due to a change in the variable interest rate).
- When a lease is changed and the lease modification is not accounted for as a separate lease, the revised lease payments are discounted using the revised discount rate and the lease liability is restated.

The Group has not made such changes during the periods presented in the consolidated financial statements.

Right-of-use assets include the initial measurement of the corresponding lease liability, lease payments made on or before the lease commencement date, and other direct initial costs. These assets are measured at cost less accumulated depreciation and impairment losses.

A provision is recognized in accordance with IAS 36 when the group incurs costs to disassemble and dispose of a lease asset, restore the area on which the asset is located, or restore the main asset in accordance with the terms and conditions of the lease. These costs are included in the relevant right-of-use asset unless they are incurred to produce inventory.

Right-of-use assets are depreciated over the shorter of the lease term and useful life of the main asset. When ownership of the main asset is transferred in a lease or when the Group plans to exercise a purchase option based on the cost of the right-of-use asset, the associated right-of-use asset is depreciated over the useful life of the main asset. Depreciation begins on the date the lease actually begins.

Group - as a lessor

The Group, as a lessor, signs lease agreements for some of its investment properties.

Leases in which the Group is the lessor are classified as finance leases or operating leases. The contract is classified as a finance lease if, according to the terms of the lease, all the ownership risks and rewards are transferred to the lessee to a significant extent. All other leases are classified as operating leases.

If the Group is the lessor of the vehicle, it accounts for the main lease and the sublease as two separate contracts. A sublease is classified as a finance lease or an operating lease with respect to the right-of-use asset arising from the main lease.

Rental income from operating leases is accounted for using the straight-line method over the relevant lease period. The direct initial costs incurred in realizing and negotiating the operating lease are included in the cost of the leased asset and amortized on a straight-line basis over the lease term.

Finance lease receivables from lessees are accounted for as receivables for the Group's net investment in leases.

2. Basis of Presentation of the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Financial Instruments

Financial assets and liabilities are recognized in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the financial instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs directly attributable to the acquisition or issuance of financial assets and liabilities (excluding financial assets and liabilities at fair value through profit or loss) are added to or subtracted from the fair value of those financial assets and liabilities at initial recognition, as appropriate. Transaction costs directly related to the acquisition or issuance of financial assets and liabilities are recognized directly in profit or loss.

Financial assets

Financial assets bought and sold in the normal way are recorded or removed at the transaction date.

The Group manages its financial assets (a) the business model used by the entity to manage financial assets, (b) the amortized cost at subsequent recognition based on the characteristics of the contractual cash flows of the financial asset, through fair value through other comprehensive income or at fair value through profit or loss. classifies as measured through loss. Only when an entity changes its business model for the management of financial assets, it reclassifies all affected financial assets. The reclassification of financial assets is applied prospectively from the date of reclassification. In such cases, no adjustments are made for gains, losses (including impairment gains or losses) or interest previously recognized.

Classification of financial assets

Financial assets that meet the following conditions are measured at amortized cost:

- holding the financial asset under a business model aimed at collecting contractual cash flows; and
- the contractual terms of the financial asset give rise to cash flows on certain dates that include only payments of principal and interest on the principal balance.

Financial assets that meet the following conditions are measured at fair value through other comprehensive income;

- holding the financial asset under a business model aimed at collecting contractual cash flows and selling the financial asset; and
- the contractual terms of the financial asset give rise to cash flows on certain dates that include only payments of principal and interest on the principal balance.

Unless a financial asset is measured at amortized cost or at fair value through other comprehensive income, it is measured at fair value through profit or loss.

At initial recognition, the Group may irrevocably choose to present any subsequent changes in fair value of its investment in a non-trading equity instrument in other comprehensive income.

(i) Amortized cost and effective interest method

Interest income on financial assets shown at amortized cost is calculated using the effective interest method. The effective interest method is the method of calculating the amortized cost of a debt instrument and allocating the interest income to the relevant period.

2. Basis of Presentation of the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Financial Instruments (Continued)

Financial assets (continued)

Classification of financial assets (continued)

(i) Amortized cost and effective interest method (continued)

a) Financial assets that are credit-impaired when purchased or created. For such financial assets, an entity applies a credit-adjusted effective interest rate to the amortized cost of the financial asset since initial recognition.

b) Financial assets that were not credit-impaired financial assets at the time of purchase or origination but subsequently become credit-impaired financial assets. For such financial assets, the entity applies the effective interest rate to the amortized cost of the asset in subsequent reporting periods.

Interest income is accounted for using the effective interest method for debt instruments with amortized costs at subsequent recognition and at fair value through other comprehensive income.

Interest income is recognized in the consolidated statement of profit or loss and presented in the “financial income – interest income” item.

(ii) Financial assets at fair value through profit or loss

Financial assets that do not meet the criteria to be measured at amortized cost or at fair value through other comprehensive income are measured at fair value through profit or loss.

Investments in equity instruments at fair value through other comprehensive income are initially measured at fair value plus transaction costs. Gains and losses resulting from changes in fair value are subsequently recognized in other comprehensive income and accumulated in the revaluation reserve. In case of disposal of equity investments, the total accumulated gain or loss is transferred to retained earnings.

Equity instruments at fair value through other comprehensive income

At initial recognition, the Group may make an irrevocable choice to present any subsequent changes in fair value of its investment in each non-trading equity instrument in other comprehensive income.

A financial asset is considered to be held for trading if:

- recently acquired for sale; or
- is part of a portfolio of certain financial instruments that the Group manages together at the time of initial recognition and there is recent evidence that the Group has a tendency to make short-term profits; or
- is a derivative (except for a financial guarantee contract or derivatives that are defined and effective hedging instruments).

Investments in equity instruments at fair value through other comprehensive income are initially measured at fair value plus transaction costs. Gains and losses resulting from changes in fair value are subsequently recognized in other comprehensive income and accumulated in the revaluation reserve. In case of disposal of equity investments, the total accumulated gain or loss is transferred to retained earnings.

Foreign exchange gains and losses

The carrying amount of financial assets denominated in foreign currency is determined in the relevant foreign currency and translated at the prevailing exchange rate at the end of each reporting period. Especially,

2. Basis of Presentation of the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Financial Instruments (Continued)

Financial assets (continued)

Foreign exchange gains and losses (continued)

- exchange differences are recognized in profit or loss for financial assets that are shown at amortized cost and are not part of a defined hedge;
- Exchange differences calculated over the amortized cost of debt instruments that are measured at fair value through other comprehensive income and that are not part of a defined hedging transaction are recognized in profit or loss for the period. All other exchange differences that occur are recognized in other comprehensive income;
- exchange differences on financial assets that are measured at fair value through profit or loss and that are not part of a defined hedging transaction are recognized in profit or loss for the period; and
- Exchange differences on equity instruments measured at fair value through other comprehensive income are recognized in other comprehensive income.

Impairment of financial assets

The Group makes an impairment provision in its financial statements for debt instruments, lease receivables, trade receivables, assets arising from contracts with customers, as well as expected credit losses on investments in financial guarantee contracts, which are carried at amortized cost or measured at fair value through other comprehensive income. The expected credit loss amount is updated each reporting period to reflect changes in credit risk since the financial asset was first recognized.

The Group uses the simplified approach for trade receivables, assets arising from contracts with customers and lease receivables that are not significant financing elements, and calculates the provision for impairment at an amount equal to the expected credit loss over the life of the related financial assets.

For all other financial instruments, the Group recognizes lifetime expected credit losses if there has been a significant increase in credit risk since initial recognition. However, if the credit risk of the financial instrument has not increased significantly since initial recognition, the Group recognizes a 12-month expected credit loss provision for that financial instrument.

Measuring and accounting for expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss-on-default (e.g., magnitude of loss if defaulted), and the amount at risk given default. The assessment of the probability of default and loss-on-default is based on historical data adjusted with forward-looking information. In the event of default, the amount of financial assets subject to risk is reflected over the gross book value of the related assets at the reporting date.

The expected credit loss of financial assets is the initial effective interest rate (or credit-impairment when purchased or created) of the difference between all of the Group's contractually realized cash flows and all of the cash flows that the Group expects to collect (all cash deficits). It is the present value calculated over the loan-adjusted effective interest rate for financial assets

Derecognition of financial assets

The group derecognizes a financial asset only when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset and substantially all of the risks and rewards of ownership of the financial asset to another entity.

2. Basis of Presentation of the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Financial Instruments (Continued)

Financial assets (continued)

Derecognition of financial assets (continued)

When derecognizing a financial asset measured at amortized cost, the difference between the carrying amount of the asset and the consideration received and receivable is recognized in profit or loss. In addition, when derecognizing a debt instrument at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the revaluation fund for that instrument is reclassified to profit or loss. If an equity instrument that the Group chooses to measure at fair value through other comprehensive income at initial recognition is derecognized, the cumulative gain or loss in the revaluation fund is not recognized in profit or loss, but is transferred directly to retained earnings.

Financial liabilities

An entity measures the financial liability at fair value on initial recognition. In the initial measurement of liabilities other than those at fair value through profit or loss, transaction costs directly attributable to their acquisition or issuance are added to the fair value.

An entity classifies all financial liabilities as measured at amortized cost at subsequent recognition, except for:

a) Financial liabilities at fair value through profit or loss: These liabilities, including derivatives, are measured at fair value at subsequent recognition.

b) Financial liabilities arising when the transfer of the financial asset does not meet the conditions for derecognition or if the continuing relationship approach is applied: If the Group continues to present an asset in the financial statements to the extent of its continuing relationship, it also reflects a related liability in the financial statements. The transferred asset and the associated liability are measured to reflect the rights and obligations that the entity continues to hold. The liability attached to the transferred asset is measured in the same manner as the net book value of the transferred asset.

c) Contingent consideration recognized by the acquirer in a business combination to which TFRS 3 is applied: After initial recognition, the fair value changes in such contingent consideration are measured through profit or loss.

The entity does not reclassify any financial liabilities.

Derecognition of financial liabilities

The Group derecognizes financial liabilities only when the Group's liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the amount paid or payable, including non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Derivative financial instruments

In order to keep the risks associated with foreign exchange and interest rates under control, the Group uses various derivative financial instruments, including foreign exchange forward contracts, options and interest rate swap contracts.

Derivative instruments are accounted for at their fair value as of the date of the related derivative contract and are remeasured at their fair values in each reporting period on the following dates. The resulting gain or loss is recognized in profit or loss if the derivative has not been designated as a hedging instrument and its effectiveness has not been demonstrated.

2. Basis of Presentation of the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Financial Instruments (Continued)

Derivative financial instruments (continued)

A derivative with a positive fair value is accounted for as a financial asset, while a derivative with a negative fair value is accounted for as a financial liability. Derivative instruments are not shown net, except that the Group has the legal right and intent to offset these instruments. In cases where the time to maturity of the derivative instrument is longer than 12 months and it is not expected to be realized or finalized within 12 months, it is shown in the financial statements as a non-current asset or a long-term liability. The remaining derivatives are presented as current assets or current liabilities.

Disclosures on sale and repurchase agreements and securities lending transactions

Securities sold within the framework of repurchase agreements (“repo”) are classified as “Things Subject to Repo” under the relevant security accounts and are valued at their fair values or discounted prices according to the internal rate of return, depending on their purpose of holding in the Bank's portfolio. Funds obtained from repo transactions are reflected as a separate item in passive accounts and rediscount is recorded for interest expense. Securities purchased with a commitment to resell (“reverse repo”), on the other hand, are shown as a separate item under the main item “Money Markets”. Income accrual is calculated for the difference between the purchase and resale prices of securities purchased through reverse repurchase agreements.

Advances and Loans Given to Customers

Financial assets formed by the Group for the purpose of making direct loans or loans are classified as advances and loans to customers and are recorded at amortized cost less any provision for impairment. All extended loans and advances are recorded in the consolidated financial statements when money is transferred to customers.

The Group allocates a loan impairment provision for advances and loans given if there is an objective finding that the loan amounts will not be collected. The provision amount is the difference between the book value of the loan and the recoverable amount. The recoverable amount is the current value of all cash flows, including the amounts that can be collected from collateral and guarantees, discounted based on the original effective interest rate at the time the loan originated. The loan impairment provision also includes losses that have objective evidence that potential losses exist in the loan portfolio at the balance sheet date. Credit impairment provision is estimated by taking into account the Group's credit risk policy, the general structure of the current loan portfolio, the financial structure of customers, non-financial data, economic conjuncture and past experience.

Provisions made during the period are deducted from the income of that period. Non-collectible loans and receivables are deleted from the records after all legal procedures are completed. When the receivables related to the previously reserved loan are collected, the provision amount is deducted from the provision account in the balance sheet and reflected to the provision expense accounts in the income statement.

Trade Payables

Trade payables are payments to be made arising from the purchase of goods and services from suppliers within the ordinary course of business. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

Available for Sale Financial Assets

Although the Group’s total voting rights are up to 20% or over 20%, the Group does not have a significant effect or not significant in terms of consolidated financial statements; not traded in an active market and the fair value of available for sale financial assets cannot be determined reliably, at cost if any, after deducting the provision for depreciation in the consolidated financial statements.

2. Basis of Presentation of the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Borrowing Cost

Borrowings are recognized initially at the proceeds received; net of transaction costs incurred. Borrowings are subsequently stated at amortized cost using the effective yield method; any difference between proceeds, net of transaction costs, and the redemption value is recognized in the statement of income over the period of the borrowings.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset in the period in which the asset is prepared for its intended use or sale. All other borrowing costs are recognized in the profit or loss in the period in which they are incurred.

Foreign exchange differences relating to borrowings, to the extent that they are regarded as an adjustment to interest costs, are also capitalized. The gains and losses that are an adjustment to interest costs include the interest rate differential between borrowing costs that would be incurred if the entity borrowed funds in its functional currency, and borrowing costs actually incurred on foreign currency borrowings.

Trade Receivables

Trade receivables that are created by way of providing goods or services directly to a debtor are carried at amortized cost. Trade receivables, net of unearned financial income, are measured at amortized cost, using the effective interest rate method, less the unearned financial income. Short duration receivables with no stated interest rate are measured at the original invoice amount unless the effect of imputing interest is significant.

A doubtful receivable provision for trade receivables is established if there is objective evidence that the Group will not be able to collect all amounts due. The amount of provision is the difference between the carrying amount and the recoverable amount, being the present value of all cash flows, including amounts recoverable from guarantees and collateral, discounted based on the original effective interest rate of the originated receivables at inception.

If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited to other operating income.

Impairment of Assets

The carrying amounts of the Group's assets other than goodwill are reviewed at each balance sheet date to determine whether there is any indication of impairment. When an indication of impairment exists, the Group compares the carrying amount of the asset with its net realizable value which is the higher of value in use or fair value less costs to sell. Impairment exists if the carrying value of an asset or a cash generating unit is greater than its recoverable amount which is the higher of value in use or fair value less costs to sell. An impairment loss is recognized immediately in the comprehensive statement of income.

The increase in carrying value of the assets (or a cash generated unit) due to the reversal of recognized impairment loss shall not exceed the carrying amount of the asset (net of amortization amount) in case where the impairment loss was reflected in the consolidated financial statements in prior periods. Such a reversal is accounted for in the comprehensive statement of income.

2. Basis of Presentation of the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method in the scope of IFRS 3. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquire and the equity interests issued by the Group in exchange for control of the acquire. Acquisition-related costs are generally recognized in profit or loss as incurred.

In accordance with IFRS 3, goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs, or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level. Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment.

The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognized immediately as an expense and is not subsequently reversed.

Nurol İnşaat acquired 21.6% of Otoyol Yatırım İşletmesi A.Ş. in 2012. Otoyol Yatırım A.Ş. has decided to increase its capital from 250 million TRY to 1 billion TRY on 16 July 2013. In addition, Nurol İnşaat increased its capital share to 26.98% by purchasing some of the shares of Yüksel İnşaat A.Ş. and Göçay İnşaat Taahhüt ve Ticaret A.Ş., the other shareholders of Otoyol Yatırım ve İşletme A.Ş. This rate was 25.95% as of 31 December 2019. During this acquisition, goodwill of 23,333 thousand TRY was paid for 5% of the capital share (Note 20).

Nurol Holding, purchased 100% shares of Batı Anadolu Madencilik Sanayi ve Ticaret A.Ş. in 2014. The Group has paid TRY 95.948 thousand for TRY 45.745 thousand capital of Batı Anadolu Madencilik Sanayi ve Ticaret A.Ş. TRY 50.204 thousand goodwill was paid during this purchase (Note 18).

Earnings / (Loss) Per Share

Earnings per share stated in the income statement are determined by dividing the net income per share of the parent group by the weighted average number of shares in the related year.

Companies in Turkey can increase their capital by distributing shares ("bonus shares") to existing shareholders from retained earnings and equity inflation adjustment differences. When earnings per share are calculated, these bonus shares are considered as issued shares. Therefore, the weighted average share weight used in calculating the earnings per share is obtained by retrospectively considering the bonus shares received.

Events After the Reporting Date

Events after the reporting date; It covers all events between the reporting date and the date the statement of financial position is authorized for issue, even if they occur after any announcement or other selected financial information that affects profit or loss has been made public.

In the event that events requiring adjustment occur after the reporting date, the Group adjusts the amounts recognized in the financial statements in accordance with this new situation. Matters arising after the reporting date that do not require adjustment are disclosed in the notes according to their materiality.

(Currency – Thousand Turkish Liras "TRY" unless otherwise expressed)

2. Basis of Presentation of the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Provisions, Contingent Assets and Liabilities

Provisions

Provisions are recognized when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date considering the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount of provision shall be the present value of the expenditures expected to be required to settle the obligation. The discount rate reflects current market assessments of the time value of money and the risks specific to the liability. The discount rate shall be a pre-tax rate and shall not reflect risks for which future cash flow estimates have been adjusted.

Contingent Assets and Liabilities

Liabilities and assets that can be confirmed by the realization of one or more uncertain future events, arising from past events and the existence of which is not fully under the Group's control, are considered contingent liabilities and assets and are not included in the financial statements.

Foreign Currency Transactions

Transactions in foreign currencies during the periods have been translated at the exchange rates prevailing at the dates of these transactions using the Turkish Central Bank buying exchange rates. Balance sheet items denominated in foreign currencies have been translated at the exchange rates prevailing at the balance sheet dates. The foreign exchange gains and losses are recognized in the income statement.

	31 December 2021	31 December 2020
USD	12,9775	7,3405
EURO	14,6823	9,0079
GBP	17,453	9,9438
DZD (Algerian Dinar)	0,0934	0,0556
LYD (Libyan Dinar)	4,1968	2,2434
GEL (Georgian Lari)	3,5134	2,0002
MAD (Moroccan Dirham)	1,4043	0,824
RON (Romanian Leu)	2,9498	1,8373

Onerous Contracts

A contract is considered onerous when the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received by the Group. Present obligations arising under onerous contracts are measured and recognized as a provision.

(Currency – Thousand Turkish Liras "TRY" unless otherwise expressed)

2. Basis of Presentation of the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Government Grants and Incentives

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable.

Employee benefits

In accordance with the current social legislation, the Group is obliged to pay accumulated compensation for each employee who completes one year of service with the Group and whose employment is terminated due to retirement or for reasons other than resignation and misconduct.

In accordance with Turkish laws and union agreements, lump-sum payments are made to employees who retire or leave the Group unintentionally. Such payments are considered to be a part of the defined retirement benefit plan in accordance with "Turkish Accounting Standard (revised) Employee Benefits ("TAS 19") No. 19.

The severance pay liability in the accompanying consolidated financial statements has been calculated in accordance with the recognition and valuation principles specified in TAS 19 "Employee Benefits". Since the severance pay obligations are identical with the 'Specific Post-employment Benefit Plans' defined in this standard in terms of their characteristics, these liabilities have been calculated and included in the financial statements using some of the assumptions explained below. The main assumptions used as of 31 December 2021 and 31 December 2020 are as follows:

	31 December 2021	31 December 2020
Interest rate%	%21.00	%13.25
Inflation rate%	%16.40	%9.00

TAS 19 ("Employee Benefits") has been revised to be valid for accounting periods beginning after January 1, 2013. In accordance with the revised standard, actuarial gains/losses on employee benefits are recognized in the statement of comprehensive income.

EBITDA

This financial data is an indicator of the measured income of a business without taking into account financing, tax, depreciation and amortization expenses. This financial data is separately stated in the financial statements because it is used by some investors to measure the ability of the enterprise to repay its loans and/or to borrow additional money. EBITDA should not be taken into account independently of other financial data, it is derived from financial indicators such as net profit (loss), net cash flow from operating, investment and financing activities, financial data obtained from investment and financial activities or prepared in accordance with BOBI FRS, or the operating performance of the business. It should not be considered as an alternative to other data obtained. This financial information should be evaluated together with other financial data in the cash flow statement.

2. Basis of Presentation of the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Statement of Cash Flows

In the consolidated statement of cash flows, cash flows for the period are classified and reported on the basis of operating, investing and financing activities.

Cash flows from operating activities represent cash flows from the Group's sales activities of steel products and minerals.

Cash flows from investing activities represent the cash flows that the Group uses and receives from its investing activities (fixed and financial investments).

Cash flows from financing activities show the resources used by the Group in financing activities and the repayments of these resources.

Cash and cash equivalents are cash, demand deposits and other highly liquid short-term investments that have maturities of three months or less from the date of purchase, are immediately convertible into cash, and do not carry the risk of significant changes in value.

Differences arising from the translation of the cash flow statement from the functional currency to the presentation currency are shown as translation differences in the cash flow statement.

Taxes Calculated on Corporate Income and Deferred Tax

As Turkish Tax Legislation does not allow the parent company and its subsidiary to prepare consolidated tax returns, tax provisions have been calculated on a separate-entity basis, as reflected in the consolidated financial statements.

Income tax expense is the sum of current tax and deferred tax expense.

Current tax

Current year tax liability is calculated over the taxable portion of the profit for the period. Taxable profit differs from profit reported in the statement of profit or loss in that it excludes items that are taxable or deductible in other years and items that are not taxable or deductible. The Group's current tax liability has been calculated using the tax rate that has been enacted or substantially enacted as of the reporting period.

Deferred Tax

Deferred tax liability or assets are determined by calculating the tax effects of the temporary differences between the amounts of assets and liabilities shown in the financial statements and the amounts taken into account in the calculation of the legal tax base, according to the balance sheet method, taking into account the enacted tax rates.

While deferred tax liabilities are calculated for all taxable temporary differences, deferred tax assets consisting of deductible temporary differences are calculated on the condition that it is highly probable to benefit from these differences by generating taxable profit in the future. The mentioned assets and liabilities are not recognized if they arise from the initial recognition of the temporary difference, goodwill or other assets and liabilities (other than business combinations) related to the transaction that does not affect the commercial or financial profit/loss.

Deferred tax liabilities are calculated for all taxable temporary differences associated with investments in subsidiaries and associates and interests in joint ventures, unless the Group is able to control the disappearance of temporary differences and it is unlikely that the difference will disappear in the near future. Deferred tax assets arising from taxable temporary differences associated with such investments and interests are calculated on the condition that it is highly probable that the said differences will be benefited from by earning sufficient taxable profit in the near future and it is probable that the related differences will disappear in the future.

2. Basis of Presentation of the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Taxes Calculated on Corporate Income and Deferred Tax (continued)

Deferred Tax (continued)

Carrying amount of deferred tax asset is reviewed at each reporting period. The carrying amount of the deferred tax asset is reduced to the extent that it is not likely to generate a financial profit sufficient to allow some or all of the benefits to be obtained.

Deferred tax assets and liabilities are calculated over tax rates (tax regulations) that are expected to be valid in the period when the assets will be realized or the liabilities will be fulfilled and which have been enacted or substantially enacted as of the reporting date.

During the calculation of deferred tax assets and liabilities, the tax results of the methods estimated by the Group to recover the book value of its assets or fulfil its liabilities as of the reporting period are taken into account.

Deferred tax assets and liabilities, when there is a legal right to set off current tax assets and current tax liabilities, or if such assets and liabilities are associated with income tax collected by the same tax authority, or if the Group intends to settle its current tax assets and liabilities on a net basis. is deducted.

Current and Deferred Income Tax

Current tax and deferred tax for the period are expense or income in the statement of profit or loss, excluding those associated with items receivable or payable directly in equity (in which case deferred tax is also recognized directly in equity) or arising from the initial recognition of business combinations. accounted for. In business combinations, tax effects are taken into account when calculating goodwill or determining the portion of the purchaser's share in the fair value of the identifiable assets, liabilities and contingent liabilities of the acquired subsidiary exceeding the acquisition cost.

Use of Estimates

In the preparation of the consolidated financial statements, the Group management is required to make assumptions and estimates that will affect the reported amounts of assets and liabilities, determine the probable liabilities and commitments as of the date of the consolidated financial statements, and the income and expense amounts as of the reporting period. Actual results may differ from estimates. Estimates are reviewed regularly; necessary corrections are made and reflected in the comprehensive income statement in the period they are realized. However, actual results may differ from these results.

The assumptions made by considering the interpretations that may have a material effect on the amounts reflected in the consolidated financial statements and the main sources of the existing or future estimates at the date of the financial statements are as follows:

a) It uses the percentage completion rate method in the accounting of construction contracts, and since the ratio of the contract expense realized until a certain date to the estimated total cost of the contract is calculated, within the scope of TFRS 15, the total estimated costs and project profitability of the projects are determined and the loss provision calculation for the projects that are expected to end with a loss

b) Severance pay liability is determined using actuarial assumptions (discount rates, future salary increases and employee turnover rates).

c) Provisions for litigation are determined by the management in each period by taking the opinions of the Company's legal advisors on the possible consequences of ongoing lawsuits as of the date of preparation of the financial statement, which may lead to cash outflows.

d) The Group management has made important assumptions in the determination of the useful economic lives of the tangible assets in line with the experience of the technical team.

2. Basis of Presentation of the Financial Statements (Continued)

Use of Estimates (Continued)

e) The Group reviews its assets in order to set aside a provision for impairment when it is revealed that the assets may not be sold at their book value, in line with the developing events or changing conditions. If there is such an indication and the carrying value of the assets exceeds the estimated recoverable value, the assets and cash-generating units are presented at their estimated recoverable value. The recoverable value of the assets is the higher of the net selling price or value in use.

f) The impairment loss in trade receivables and other receivables is based on the Company management's assessment of the volume of trade receivables, past experiences and general economic conditions.

g) The Group recognizes deferred tax assets and liabilities for temporary timing differences arising from the differences between the tax base legal financial statements and the financial statements prepared in accordance with TFRS. These differences are generally due to the fact that the tax base amounts of some income and expense items take place in different periods in the legal financial statements and the financial statements prepared in accordance with TFRS.

3. Interests in Other Entities

The disclosures related to Group’s subsidiaries, business associations and affiliate’s names, affiliated country and ownership rates are presented in Note 1.

(Currency – Thousand Turkish Liras "TRY" unless otherwise expressed)

4. Segment Reporting

1 January – 31 December 2021	Holding	Construction	Energy	Manufacturing	Service	Tourism	Mining	Finance (Bank)	Eliminations	Total
Revenue	76.379	4.595.246	484.474	3.257.915	43.098	86.761	3.595.744	--	(583.513)	11.556.104
Finance sector operating income	--	--	--	--	--	--	--	710.080	--	710.080
Cost of sales	(84.955)	(3.828.317)	(379.633)	(2.194.864)	(47.217)	(61.623)	(1.571.133)	--	486.529	(7.681.213)
Finance sector operating cost	--	--	--	--	--	--	--	(337.704)	--	(337.704)
Gross profit	**(8.576)**	**766.929**	**104.841**	**1.063.051**	**(4.119)**	**25.138**	**2.024.611**	**372.376**	**(96.984)**	**4.247.267**
Operating expenses	(2.101)	(344.988)	(14.251)	(375.189)	(14.012)	(23.801)	(55.475)	(97.241)	96.988	(830.070)
Other operating income / (expenses), net	(187.124)	(88.451)	(556)	(191.099)	(1.096)	(6.254)	(17.061)	3.454	--	(488.187)
Operating profit/(loss)	**(197.801)**	**333.490**	**90.034**	**496.763**	**(19.227)**	**(4.917)**	**1.952.075**	**278.589**	**4**	**2.929.010**
Shares from profit / (loss) from investments revalued with the equity method	--	5.514.162	--	--	--	--	--	--	--	5.514.162
Income /(expenses) from investing activities, net	1.251.768	200.996	7.129	(116.156)	32	59.586	350	(31.359)	(1.214.093)	158.253
Financial income /(expenses), net	(525.717)	(4.198.774)	(434.970)	(553.064)	(1.256)	(148.935)	(189.344)	--	56.850	(5.995.210)
Profit/(loss) before tax from continued operations	**528.250**	**1.849.874**	**(337.807)**	**(172.457)**	**(20.451)**	**(94.266)**	**1.763.081**	**247.230**	**(1.157.239)**	**2.606.215**
Tax expense for the year	--	--	--	(325)	--	--	(99.289)	(56.087)	--	(155.701)
Deferred tax income/(expense)	1.113	269.026	769	(102.424)	(2.045)	(9.164)	(320.092)	--	--	(162.817)
Net profit/(loss) for the continued operations period	**529.363**	**2.118.900**	**(337.038)**	**(275.206)**	**(22.496)**	**(103.430)**	**1.343.700**	**191.143**	**(1.157.239)**	**2.287.697**

31 December 2021	Holding	Construction	Energy	Manufacturing	Service	Tourism	Mining	Finance (Bank)	Eliminations	Total
Total Assets	6.329.874	21.086.170	1.630.963	14.336.649	112.951	649.628	7.670.651	7.078.071	(10.606.544)	48.288.413
Total Liabilities	6.329.874	21.086.170	1.630.963	14.336.649	112.951	649.628	7.670.651	7.078.071	(10.606.544)	48.288.413

(Currency – Thousand Turkish Liras "TRY" unless otherwise expressed)

4. Segment Reporting (Continued)

1 January - 31 December 2020	**Holding**	**Construction**	**Energy**	**Manufacturing**	**Service**	**Tourism**	**Mining**	**Finance (Bank)**	**Eliminations**	**Total**
Revenue	60.551	3.450.177	358.627	2.411.188	26.880	46.561	2.411.703	--	(266.446)	8.499.241
Finance sector operating income	--	--	--	--	--	--	--	454.164	--	454.164
Cost of sales	(58.203)	(3.106.254)	(239.409)	(1.925.430)	(31.244)	(33.665)	(1.118.220)	--	185.974	(6.326.451)
Finance sector operating cost	--	--	--	--	--	--	--	(193.830)	--	(193.830)
Gross profit	**2.348**	**343.923**	**119.218**	**485.758**	**(4.364)**	**12.896**	**1.293.483**	**260.334**	**(80.472)**	**2.433.124**
Operating expenses	(10.963)	(209.493)	(11.783)	(241.501)	(19.049)	(18.992)	(34.013)	(74.640)	80.472	(539.962)
Other operating income / (expenses), net	(7.647)	(31.218)	(486)	29.384	(538)	(2.045)	31.176	10.250	--	28.876
Operating profit/(loss)	**(16.262)**	**103.212**	**106.949**	**273.641**	**(23.951)**	**(8.141)**	**1.290.646**	**195.944**	**--**	**1.922.038**
Shares from profit / (loss) from investments revalued with the equity method	--	1.390.722	--	--	--	--	--	--	--	1.390.722
Income /(expenses) from investing activities, net	162.136	78.937	5.184	220	716	832	(1.345)	(65.824)	(172.871)	7.985
Financial income /(expenses), net	(338.949)	(1.573.137)	(180.542)	(293.339)	(724)	(86.913)	(208.860)	--	--	(2.682.464)
Profit/(loss) before tax from continued operations	**(193.075)**	**(266)**	**(68.409)**	**(19.478)**	**(23.959)**	**(94.222)**	**1.080.441**	**130.120**	**(172.871)**	**638.281**
Tax expense for the year	--	--	(6)	(2.548)	(1.126)	(31)	(19.724)	(21.217)	--	(44.652)
Deferred tax income/(expense)	(40.374)	70.924	(9.350)	30.358	(13.046)	(61)	(304.439)	--	--	(265.988)
Net profit/(loss) for the continued operations period	**(233.449)**	**70.658**	**(77.765)**	**8.332**	**(38.131)**	**(94.314)**	**756.278**	**108.903**	**(172.871)**	**327.641**

(Currency – Thousand Turkish Liras “TRY” unless otherwise expressed)

5. Related Party Disclosures

a) Trade receivables from related parties	**31.12.2021**	**31.12.2020**
Otoyol Yatırım ve İşletme A.Ş.	12.724	4.415
Otoyol İşletme ve Bakım A.Ş.	4.382	1.546
Çarmıklı Family	2.935	54.674
Nurol Tower Site Yönetimi	470	271
Nurol Park Site Yönetimi	75	613
BAE Systems (Operations) Limited	--	487
Other	137	266
	20.723	**62.272**

b) Trade payables to related parties	**31.12.2021**	**31.12.2020**
SGO İnşaat Sanayi ve Ticaret A.Ş.	2.056	10.143
Çarmad Madencilik Sanayi ve Ticaret Ltd Şti.	--	1.331
Nurol BAE Systems Hava Sistemleri A.Ş.	--	522
Other	44	14
	2.100	**12.010**

c) Other receivables from related parties	**31.12.2021**	**31.12.2020**
Çarmıklı Family	169.468	256.134
Çarmad Madencilik Sanayi ve Ticaret Ltd Şti.	706	--
Otoyol Yatırım ve İşletme A.Ş.	--	6.648
Otoyol İşletme ve Bakım A.Ş.	--	3
Other	1	--
	170.175	**262.785**

d) Other non-current receivables from related parties	**31.12.2021**	**31.12.2020**
Otoyol Yatırım ve İşletme A.Ş.	56.463	25.864
	56.463	**25.864**

e) Other current payables to related parties	**31.12.2021**	**31.12.2020**
Çarmıklı Family	7	7
SGO İnşaat Sanayi ve Ticaret A.Ş.	864	
Nurol Eğitim Kültür ve Spor Vakfı	--	17
Other	--	2.420
	871	**2.444**

(Currency – Thousand Turkish Liras "TRY" unless otherwise expressed)

5. Related Party Disclosures (Continued)

f) Other non-current payables to related parties	31.12.2021	31.12.2020
BAE Systems (Operations) Limited	10.914	3.000
	10.914	**3.000**

6. Cash and Cash Equivalents

	31.12.2021	31.12.2020
Cash on hand	15.352	5.484
Cash at banks		
- demand deposit	2.041.245	1.175.208
- time deposit	541.992	509.869
- blocked deposit	177.107	98.043
Due from banks and financial institutions	1.311.028	388.964
Central Bank deposit reserve (*)	1.518.923	128.832
Tümad blocked deposit	667.409	265.644
Credit card receivables	3.953	1.519
	6.277.009	**2.573.563**

(*)According to the regulations of Central Bank of the Republic of Turkey, banks are required to reserve a portion of certain liability accounts as specified in the related decrees. Such mandatory reserves are not available for use in the Bank's Day to day operations.

As of 31 December 2021 and 31 December 2020, details of bank statement per company are as follows:

	31.12.2021	31.12.2020
Nurol Holding	257.444	58.056
Nurol İnşaat	830.455	475.295
Tümad Madencilik	1.366.448	851.322
FNSS	566.286	454.868
Nurol Gayrimenkul	204.587	112.331
Nurol Makina	154.241	27.038
Nurol Teknoloji	12.203	13.149
Nurol Göksu	11.692	2.546
Turser	6.751	12.573
Nurol Bae	3.024	5.752
Enova Toptan	2.895	--
Nurol Havacılık	1.056	435
Enova Enerji	209	14.786
Nurol Yatırım Bankası	4	4
Other	10.458	20.609
	3.427.753	**2.048.764**

(Currency – Thousand Turkish Liras "TRY" unless otherwise expressed)

7. Trade Receivables and Payables

Current trade receivables	**31.12.2021**	**31.12.2020**
Trade receivables		
- Nurol Algeria Branch	*438.519*	*285.610*
- Nurol LLC	*93.603*	*152.817*
- Nurol Gülermak Joint Venture	*155.518*	*129.755*
- Nurol İnşaat ve Ticaret A.Ş.	*105.803*	*11.919*
- Nurol Romania Branch	*7.053*	--
- Nurol Yüksel YDA Özka Joint Venture	*6.373*	--
- Nurol Georgia Branch	*2.620*	*936*
- Nurol Mesa Joint Venture	*4.108*	*2.381*
- Nurol Morocco Branch	*5.240*	*3.075*
- Nurol Cengiz Joint Venture	*349*	--
- Nurol Gülermak Makyol Joint Venture	*100*	*472*
- Gülsan Nurol Joint Venture	*518*	--
- Nurol Cengiz Hasankeyf Joint Venture	*565*	*54*
- FNSS	*353.848*	*593.821*
- Nurol Makina	*615.491*	*701.944*
- Nurol Holding	*92*	*263*
- Nurol BAE Systems	*2.183*	*1.989*
- Nurol Teknoloji	*185.114*	*72.097*
- Nurol GYO	*10.656*	*15.025*
- Enova Toptan Satış	*11.869*	*3.338*
- Nurol Solar Enerji	*11.817*	*1.309*
Trade receivables from related parties (Note 5)	20.723	62.272
Other trade receivables	29.879	7.372
Notes receivable (*)	15.292	32.097
Doubtful trade receivables	24.243	12.031
Provision for doubtful trade receivables (-)	(24.243)	(12.031)
	2.077.333	**2.078.546**

Non-current trade receivables	**31.12.2021**	**31.12.2020**
Non-current trade receivables		
- Nurol İnşaat ve Ticaret A.Ş.	--	1.778
Notes Receivable (*)	638	3.528
	638	**5.306**

(*) As of 31 December 2021, TRY 7.743 thousand of short-term bills receivable consists of the promissory notes purchased from Nurol Gayrimenkul regarding the units sold within the scope of Nurol Park, Nurol Life and Nurol Tower projects and TRY 7.457 thousand consists of promissory notes received from villa sales of Nurol İnşaat in Yeşilyaka and Zekeriyaköy. All long-term bills of receivables consist of promissory notes purchased for units sold within the scope of Nurol Park and Nurol Life projects.

(Currency – Thousand Turkish Liras "TRY" unless otherwise expressed)

7. Trade Receivables and Payables (Continued)

Current Trade Payables	**31.12.2021**	**31.12.2020**
Trade payables		
- Nurol İnşaat ve Ticaret A.Ş.	*188.157*	*68.125*
- Nurol Algeria Branch	*170.280*	*124.402*
- Nurol LLC	*617.124*	*362.170*
- Nurol Romania Branch	*188.619*	*1.050*
- Nurol Gülermak Makyol Joint Venture	*61.034*	*41.096*
- Nurol Yüksel YDA Özka Joint Venture	*18.444*	*7.315*
- Nurol Gülermak Joint Venture	*12.124*	*7.644*
- Gülsan Nurol Joint Venture	*4.768*	*136*
- Nurol Mesa Joint Venture	*2.016*	*1.148*
- Nömayg Joint Venture	*101*	*63*
- Nurol Cengiz Joint Venture	*185*	*338*
- Nurol Morocco Branch	*119*	*100*
- Özgün Nurol Joint Venture	--	*351*
- Nurol Cengiz Hasankeyf Joint Venture	--	*506*
- Nurol Gama Joint Venture	--	*99*
- Nurol Makina	*229.699*	*615.627*
- FNSS	*985.502*	*922.037*
- Tümad Madencilik	*105.858*	*80.682*
- Nurol Teknoloji	*46.750*	*33.048*
- Enova Enerji	*25.565*	*51.197*
- Nurol Göksu	*307*	*203*
Short-term portion of debts arising from the purchase of real estate	1.152	6.790
Current accounts of credit customers (Nurol Investment Bank)	2.256.766	1.598.528
Trade payables to related parties (Note 5)	2.100	12.010
Other trade payables	37.676	27.425
Notes payable	6.488	22.450
	4.960.834	**3.984.540**

Non-current trade payables	**31.12.2021**	**31.12.2020**
Trade payables (*)	1.030.632	804.771
Notes payable	--	3.670
	1.030.632	**808.441**

(*)Long-term trade payables consist of transit trade transactions within the scope of Nurol İnşaat's supply of construction materials abroad.

(Currency – Thousand Turkish Liras "TRY" unless otherwise expressed)

8. Financial Investments

Current	31.12.2021	31.12.2020
Available-for-sale financial investments (Rockland) (*)	9.740	11.234
Stock shares	3.184	3.153
	12.924	**14.387**

(*) Rockland Ltd. Şti. was established in Moscow - Russia for shoe production. Nurol Holding has invested in this group for investment purposes.

9. Receivables from Financial Sector Activities

	31.12.2021	31.12.2020
Current		
Current loan receivables	1.986.017	1.412.316
Assets held for sale (*)	226.930	296.500
Held for sale trading investments - Nurol Bank		
- Turkish government bonds -TRY	205.254	39.179
Held for sale - Nurol Bank (**)		
- Debt instruments - TRY (a)	--	112.115
- Equity instruments (b)	149.917	129.688
	2.568.118	**1.989.798**
Non-current		
Non-current loan receivables	752.279	839.464
Receivables from other financial operations	23.892	19.261
	776.171	**858.725**

(*) As of 31 December 2021, the Bank has no assets held for sale. As of 31 December 2021, together with the valuation amount of investment properties amounting to TRY 41,110, the total amount of investment properties has been realized as TRY 226.930. (31 December 2020: 296.500 TRY).

(**) (a) Financial assets traded in the exchange at fair value through other comprehensive income TRY 5.822 (31 December 2020: 7.237 TRY) is government bonds, 6.152 TRY (31 December 2020: 6.137 TRY) is bank bills and 28.525 TL (31 December 2020: 4.343 TRY) is composed of securities issued by the private sector. The portion amounting to 171,653 TRY (31 December 2020: 94.213 TRY) consists of Eurobonds issued by the Private Sector.

(b) Although the Bank owns 9.43% of Nurol GYO shares as of 31 December 2020, since it has no significant influence on the said company, the fair value difference is accounted for in the financial assets accounted for in other comprehensive income. As of 31 December 2020, the shares owned were valued at the stock market price and the calculated value increase of TRY 120,699 was accounted for under shareholders' equity. The Bank sold all Nurol GYO shares it owned in 2021.

(Currency – Thousand Turkish Liras "TRY" unless otherwise expressed)

10. Financial Liabilities

Current financial liabilities	**31.12.2021**	**31.12.2020**
Current bank borrowings	9.445.205	6.486.230
Financial lease payables	188.632	143.834
Interest accruals	89.320	82.490
Total current financial liabilities	**9.723.157**	**6.712.554**

Non-current financial liabilities	**31.12.2021**	**31.12.2020**
Non-current bank borrowings	9.398.891	6.742.806
Financial lease payables	102.628	197.636
Total non-current financial liabilities	**9.501.519**	**6.940.442**
Total financial liabilities	**19.224.676**	**13.652.996**

As of 31 December 2021 and 31 December 2020 details of current financial liabilities are as follows:

Current	**Average interest rate %**	**Foreign currency**	**Amount "TRY" 31.12.2021**	**Foreign currency**	**Amount "TRY" 31.12.2020**
Bank loans					
- TRY	9,04 – 18,33		1.896.905	--	2.590.725
- USD	3,08 – 8,27	521.902	6.772.989	461.166	3.385.187
- EUR	4,50	43.667	641.128	40.231	362.397
Financial lease payables					
- EUR		9.561	140.379	1.716	15.454
- USD		--	--	893	6.556
- TRY			48.253	-	121.825
Nurol LLC loans		38.192	134.185		147.920
Interest accruals		--	89.318		82.490
			9.723.157		**6.712.554**

(Currency – Thousand Turkish Liras "TRY" unless otherwise expressed)

10. Financial Liabilities (Continued)

As of 31 December 2021 and 31 December 2020 details of non-current financial liabilities are as follows:

Non-Current	Average interest rate %	Foreign currency	Amount "TRY" 31.12.2021	Foreign currency	Amount "TRY" 31.12.2020
Bank loans					
- TRY	11,50 - 13		506.756	--	15.939
- USD	4,50 - 6,75	521.902	3.731.158	479.419	2.765.461
- EUR	3 - 6,34	43.667	126.458	122.825	90.079
Nurol LLC loans			322.099	99.890	199.979
Georgia loans (GEL)		9.561	151.148	21.458	48.138
Financial lease payables					
- EUR		38.192	77.420	5.539	49.896
- USD		--	--	495	3.636
- TRY			25.209	--	144.106
Reclassified financial liabilities (*)					
- TRY	22,61	--	1.898.878	--	1.853.184
- USD	6,82	--	1.130.442	--	753.711
- EUR	6,13	--	1.531.951	--	1.016.313
			9.501.519		**6.940.442**

(*) Bank loans are generally obtained in connection with construction and contracting activities carried out. Based on agreements made with creditor banks (written or none written) the repayment of the loans will be made by discharge of progress billing realized over the construction period. The maturity date of the loans is revised subject to extensions made in the completion periods according to the status of the projects. Reclassified bank loans are short term financial liabilities according to signed legal documents. Therefore, these loans are considered as long-term bank loans on an economic basis. As a result, reclassified bank loans are accounted for under long-term bank loans.

Letters of guarantee, guarantee cheques and suretyships of shareholders' and Nurol Holding given for bank loans by Nurol İnşaat are listed in Provisions, Contingent Assets and Liabilities (Note 23).

The repayment schedule of the financial liabilities are as follows:

	31.12.2021	31.12.2020
Within 1 year	9.723.157	6.712.554
1 - 2 years	7.985.565	5.334.369
2 - 3 years	908.851	869.770
3 - 4 years	488.484	430.486
4 - 5 years	46.268	155.417
5 - 6 years	24.117	78.046
6 - 7 years	24.117	24.118
7 - 8 years	24.117	24.118
8 - 9 years	--	24.118
	19.224.676	**13.652.996**

(Currency – Thousand Turkish Liras “TRY” unless otherwise expressed)

10. Financial Liabilities (Continued)

Debt Securities Issued

a) Current bonds and bills

	31.12.2021	31.12.2020
Bank bills	1.262.668	571.405
Bonds issued	709.102	401.385
	1.971.770	**972.790**

b) Non-current bonds and bills

	31.12.2021	31.12.2020
Issuance of debt securities	--	37.158
Bonds issued	1.667.761	780.000
Subordinated loans (*)	66.764	76.056
	1.734.525	**893.214**

The non-redemption of the issues made by the Bank as of 31 December 2021 are listed below;

Issue Type	Issue Date	Due Date	Nominal Value	Interest Rate
Nurol Yatırım Bankası (**)				
Bond	1.06.2020	1.06.2022	50.000	%9,00
Bond	25.06.2020	27.06.2022	50.000	%9,25
Bond	11.09.2020	13.09.2022	50.000	%14,00
Bond	26.11.2020	28.11.2022	50.000	%15,75
Bond	14.07.2021	20.07.2022	200.000	%19,50
Bond	28.07.2021	20.01.2023	155.000	%19,75
Bono	1.10.2021	7.01.2022	100.000	%18,75
Bono	7.10.2021	13.01.2022	150.000	%18,75
Bono	12.11.2021	11.02.2022	150.000	%17,00
Bono	29.11.2021	24.03.2022	100.000	%16,75
Bono	1.12.2021	30.03.2022	100.000	%16,75
Bono	23.12.2021	18.03.2022	100.000	%21,00
Bono	12.08.2021	4.02.2022	100.000	%19,75
Bono	8.09.2021	3.03.2022	100.000	%19,35
Bono	21.09.2021	16.03.2022	50.000	%19,50
Bono	6.12.2021	26.05.2022	50.000	%16,75
Bono	8.12.2021	26.05.2022	50.000	%17,25
Bono	27.12.2021	17.06.2022	50.000	%21,00
Nurol Holding				
Bond	16.12.2020	16.03.2022	90.294	%21,00
Bond	25.03.2021	23.06.2022	79.253	%22,00
Bond	6.05.2021	4.08.2022	67.249	%22,00
Bono	12.11.2021	11.11.2022	219.419	%21,50
Nurol GYO				
Bond	16.07.2021	14.07.2024	267.760	%23,25
Nurol İnşaat				
Bond	29.12.2021	24.12.2024	1.400.000	%26,50

10. Financial Liabilities (Continued)

(*) On 27 December 2016, Nurol Yatırım Bankası received a loan of USD 5.000, with an interest rate of 6,65%, with a maturity of 10 years, a variable rate, and a quarterly interest payment from World Business Capital. (31 December 2020: On 31 March 2016, Eurobond issuance with a nominal value of USD 10.000, 10% interest, 10 years maturity, fixed interest, semi-annual coupon payment, by sale method, to qualified investors and on 27 December 2016, a loan of USD 5.000, 6,65% interest, 10-year maturity, variable interest, quarterly interest payment, was obtained from World Business Capital).

(**) The amounts related to Nurol Investment Bank consist of nominal TRY amounts.

11. Funds Borrowed

	31.12.2021			31.12.2020		
	TRY	Foreign Currency	Total	TRY	Foreign Currency	Total
Funds borrowed	538.314	1.424.998	1.963.312	365.170	682.614	1.047.784
Obligations under repurchase agreements	1.790	114.077	115.867	2.203	70.111	72.314
			2.079.179			**1.120.098**

The effective interest rate for borrowed funds is 3,41% in USD Dollars. (31 December 2020: 0,51%), 3,85% in Euros (31 December 2020: 1,16%), and 16,79% in Turkish Lira. (31 December 2020: 10,07%). Borrowed funds have fixed interest rates as of 31 December 2021 and 31 December 2020.

As of 31 December 2021 and 31 December 2020, the borrowed funds are unsecured. The bank has no negligence regarding principal, interest or redemption amounts; however, the bank has not committed any credit agreement breach as of 31 December 2021 (31 December 2020: None).

12. Other Receivables and Payables

Other current receivables	**31.12.2021**	**31.12.2020**
Due from related parties (Note 5)	170.175	262.785
Advances given to personnel	5.482	4.933
Deposits and guarantees given		
- Nurol LLC	*96.557*	*20.056*
- Nurol Romania Branch	*15.436*	--
- Nurol Gayrimenkul Yatırım Ortaklığı A.Ş.	*10.593*	*6.356*
- Nurol Makina	*173*	*24*
- Nurol Morocco Branch	*41*	*3*
- Nurol Gama Joint Venture	*14*	*14*
- Nurol Gülermak Joint Venture	*10*	--
- Nurol Gülermak Makyol Joint Venture	*3*	--
- Other Group Companies	259	252
Other doubtful receivables		
- Nurol Holding	*320*	*314*
- Nurol İnşaat	*156*	*433*
- Other Group Companies	63	59
Provision for doubtful other receivables (-)	(539)	(806)
Other	5.007	14.005
	303.750	**308.428**

(Currency – Thousand Turkish Liras “TRY” unless otherwise expressed)

12. Other Receivables and Payables (Continued)

Other Non-current receivables	31.12.2021	31.12.2020
Long-term receivables from related parties (Note 5)	56.463	25.864
Deposits and guarantees given	29.347	18.355
	85.810	**44.219**

Other Non-current payables	31.12.2021	31.12.2020
Due to related parties (Note 5)	871	2.444
Deposits and guarantees received	38.186	35.612
Other (*)	123.483	10.746
	162.540	**48.802**

Other Non-current payables	31.12.2021	31.12.2020
Deposits and guarantees received	1.803	40
Due to related parties (Note 5)	10.914	3.000
Other (*)	1.116.220	--
	1.128.937	**3.040**

(*) Based on the license transfer agreement signed with ESAN Eczacıbaşı, Tümad Madencilik Sanayi ve Ticaret A.Ş. will pay a Smelting Return (NSR) for each 322,000 oz gold production. NSR calculations are based on the annual Independent Precious Metals Corporation (“LBMA”) average annual a.m. based on the fixing price. Payments will be made between 2022 and 2028 in accordance with the agreement.

13. Inventories

	31.12.2021	31.12.2020
Raw materials		
- FNSS	286.831	53.926
- Nurol Makina (*)	555.805	445.907
- Nurol İnşaat (***)	68.786	50.068
- Nurol Teknoloji (****)	82.045	82.055
- Tümad (*****)	218.260	107.052
- Other Group Companies	33	32
Semi-finished Goods		
- Nurol İnşaat (***)	543.251	308.950
- Nurol Makina (*)	203.651	56.560
- Nurol Teknoloji (****)	50.782	39.535
- Tümad	236.746	180.390
Finished Goods		
- Nurol İnşaat (***)	219.986	213.308
- Nurol Makina (*)	56.223	12.033
- Nurol Teknoloji (****)	120.579	161.074
- Tümad	1.805	454
- Other Group Companies	--	--
Subtotal	*2.644.783*	*1.711.344*

(Currency – Thousand Turkish Liras "TRY" unless otherwise expressed)

13. Inventories (Continued)

	31.12.2021	**31.12.2020**
Trade goods		
- Nurol Georgia (***)	2.328	826
- Nurol Gayrimenkul merchandise (**)	*158.966*	*269.033*
- Other Group Companies	2.492	1.369
Other inventories		
- Tümad	219.532	75.366
- Other Group Companies	30.946	18.867
Subtotal	*414.264*	*365.461*
	3.059.047	**2.076.805**

(*)Balance consists of raw materials and semi-finished products purchased by Nurol Makina for its projects in the Defence Industry.

(**) The amount of the merchandises thousand TRY 158.966 is comprised of the developing and finished residence construction projects of Nurol Gayrimenkul Yatırım Ortaklığı A.Ş. The amount is comprised of 3 projects.

	31.12.2021	**31.12.2020**
Nurol Park Project	116.400	188.617
Nurol Life Project	31.660	55.340
Nurol Tower Project	10.906	25.076
	158.966	**269.033**

As of 31 December 2021, there is a mortgage of 3.422.425 thousand TRY on the construction projects of Nurol GYO (31 December 2020: 2.520.505 thousand TRY).

(***)Semi finished products is at the amount of TRY thousand 15.280 and consists of Zekeriyaköy villas and 438,454 TRY consists of Mesa Nurol Yeşilyaka villas.

Nurol Georgia Residence project consists of 54 residences and 3 stores on a 6,423 m2 construction area. 25 residences and 1 shop were sold. The remaining flats and shops are followed under the products account.

(****) The raw materials of Nurol Teknoloji are mainly comprised of boron carbide, silicon carbide, alumina, special ballistic fabric and armor steel used for the production of ballistic vest, ballistic plate, ballistic shield, armoured cabin and visor products. Its products, on the other hand, consist of ballistic armour solutions such as ballistic vest, ballistic plate, ballistic shield, armoured cabin and visor produced with the first materials and materials

(*****)The raw materials of Tümad Madencilik is comprised of the extracted ores and the materials and chemicals used in gold processing. Semi-finished products consist of semi-processed gold and silver.

(Currency – Thousand Turkish Liras “TRY” unless otherwise expressed)

14. Prepaid Expenses and Deferred Income

Prepaid expenses in current assets	**31.12.2021**	**31.12.2020**
Order advances given for inventories		
- Nurol İnşaat	*33.695*	*3.412*
- FNSS	*287.381*	*207.786*
- Nurol Makina	*85.547*	*28.864*
- Nurol Gayrimenkul	*14.737*	*12.917*
- Tümad Madencilik	*560*	*596*
- Other	*83.337*	*13.427*
Prepaid expenses (*)	60.036	55.043
	565.293	**322.045**

Prepaid expenses in non-current assets	**31.12.2021**	**31.12.2020**
Advances given for tangible and intangible assets		
- Nurol İnşaat	*6*	--
- Nurol Makina	*820*	--
- Other	*189*	*26*
Prepaid expenses (*)	25.684	15.682
	26.699	**15.708**

(*) Most of the prepaid expenses are comprised of insurance expenses recorded according to the periodicity principle.

Current deferred income	**31.12.2021**	**31.12.2020**
Deferred income		
- Nurol Makina	132.044	5.589
- Nurol Gayrimenkul	2.876	1.194
- Other	11.816	1.415
	146.736	**8.198**

Non-current deferred income	**31.12.2021**	**31.12.2020**
Deferred income	497	459
	497	**459**

Current advances received	**31.12.2021**	**31.12.2020**
Ümraniye-Ataşehir-Göztepe Metro Project (Nurol - Gülermak)	35.802	--
Mesa Nurol Yeşilyaka Konutları (Nurol İnşaat)	6.115	3.781
Nurol Makina	928.751	251.777
FNSS advances received	1.006.631	734.900
Nurol Park ve Nurol Life Project (Nurol Gayrimenkul)	64.389	141.204
Nurol Teknoloji	48.047	73.067
Other Group Companies	45.820	29.754
	2.135.555	**1.234.483**

(Currency – Thousand Turkish Liras "TRY" unless otherwise expressed)

14. Prepaid Expenses and Deferred Income (Continued)

Non-current advanced received	31.12.2021	31.12.2020
FNSS advances received	809.573	597.298
Nurol Makina	73.972	82.448
Nurol Tower Project (Nurol Gayrimenkul)	638	1.603
Mesa Nurol Yeşilyaka Konutları (Nurol İnşaat)	287.022	135.178
Other	839	952
	1.172.044	**817.479**

15. Receivables and Payables from Ongoing Construction and Project Contracts

A. Receivables from construction contracts

		31.12.2021		31.12.2020	
	%	Construction Receivables	Construction Payables	Construction Receivables	Construction Payables
Hasankeyf Bridges (Nurol Cengiz Hasankeyf Joint Venture)		--	--	5.655	--
Ümraniye-Ataşehir-Göztepe Subway Project (Nurol Gülermak Joint Venture)	31	116.527	--	44.048	--
Yusufeli Group Dam Bridges Construction (Gülsan Nurol Joint Venture)	93	33.746	--	18.779	--
İzmir Çiğili Tram Line (Nurol İnşaat)	17	35.685	--	1.454	--
Silifke Mut Road Project (Nurol İnşaat)	21	93.383	--	86.043	--
Eyiste Viaduct Construction (Nurol İnşaat)	74	101.466	--	201.769	--
Ordu Highway landslide reclamation supply works	22	16.035	--	9.574	--
Nurol LLC projects		642.951	312.328	496.090	126.376
		1.039.793	**312.328**	**863.412**	**126.376**

B. Receivables from project contracts

FNSS	31.12.2021	31.12.2020
Ongoing project contract revenue	23.295.676	8.233.212
Less: Loss provision for ongoing project contracts	(3.147)	(14.185)
Less: Total invoiced progress payment at the end of the period	(18.098.638)	(6.262.633)
	5.193.891	**1.956.394**

Nurol Makina	31.12.2021	31.12.2020
Ongoing project contract revenue	4.503.845	2.063.831
Total billed progress payments as of the end of the period	(3.860.676)	(1.762.920)
Receivables from ongoing project contracts	**643.169**	**300.911**

(Currency – Thousand Turkish Liras "TRY" unless otherwise expressed)

16. Investment

	31.12.2021	31.12.2020
Otoyol İşletme ve Bakım A.Ş.	1.298	1.298
Otoyol Deniz Taşımacılığı A.Ş.	1.510	1.510
Nurol Makina Hungary Branch	122	--
Other	188	188
	3.118	**2.996**

17. Investments Recognized Using the Equity Method

	31.12.2021	31.12.2020
Otoyol Yatırım ve İşletme A.Ş.	10.397.717	4.884.424
FNSS Middle East Co Ltd.	6.413	3.532
	10.404.130	**4.887.956**

Otoyol Yatırım ve İşletme A.Ş., which is valued by the Group's equity method and owns 25.95% (31 December 2020: 25.95%), has a total equity value of 40.068.272 thousand TRY as of 31 December 2021, and Otoyol Yatırım ve İşletme A.Ş.'s registered value in Nurol İnşaat as of 31 December 2021 is 10.397.717 thousand TRY (31 December 2020: 4.884.424 thousand TRY).

FNSS Savunma Sistemleri A.Ş. a subsidiary of Nurol Holding has invested in the Group located in Saudi Arabia in 2014. FNSS Savunma Sistemleri A.Ş., owns 50% of FNSS Middle East Co. and has been included in the accompanying consolidated financial statements using the equity method.

For the accounting periods ending on 31 December 2021, the share of the Group's investment in the profits valued by the equity method is TRY 5.514.162 thousand and TRY 1.490.643 thousand, respectively. The summary financial information of the subsidiaries included in the consolidated financial statements using the equity method is summarized as follows.

	Assets	Liabilities	Equity	Net Sales	Net Profit for the Period
Otoyol Yatırım ve İşletme A.Ş.	98.293.682	58.225.410	40.068.272	9.510.736	4.491.368
FNSS Middle East Co Ltd.	5.440	--	5.440	--	--
	98.299.122	**58.225.410**	**40.073.712**	**9.510.736**	**4.491.368**

(Currency – Thousand Turkish Liras "TRY" unless otherwise expressed)

18. Goodwill

	31.12.2021	31.12.2020
Otoyol Yatırım ve İşletme A.Ş.	23.333	23.333
Batı Anadolu Madencilik Sanayi ve Ticaret A.Ş.	50.204	50.204
	73.537	**73.537**

The Group assesses goodwill allocated to cash-generating units for impairment annually or more frequently when there is an indication of impairment as indicated in Note 2.6 The recoverable amount of a cash generating unit is determined by calculating the value in use or fair value less costs to sell calculations.

As specified below in details, no impairment has been identified as of 31 December 2021 as a result of the impairment tests realized on the basis of cash generating units.

Otoyol Yatırım ve İşletme A.Ş.

Goodwill included in the consolidated financial statements as of 31 December 2021 and 31 December 2020 is related to the purchase of shares of Otoyol Yatırım İşletme A.Ş. in 2013. The Group purchased shares of Yüksel İnşaat A.Ş. and Göçay İnşaat Taahhüt ve Ticaret A.Ş. which are investors in Otoyol Yatırım ve İşletme A.Ş. and goodwill in the amount of TRY 23.333 thousand has been paid.

Batı Anadolu Madencilik Sanayi ve Ticaret A.Ş.

Nurol Holding, purchased 100% shares of Batı Anadolu Madencilik Sanayi ve Ticaret A.Ş. in 2014. The Group has paid TRY 95.948 thousand for the capital TRY 45.745 thousand of Batı Anadolu Madencilik Sanayi ve Ticaret A.Ş. Goodwill in the amount of TRY 50.204 thousand has been paid for this purchase.

(Currency – Thousand Turkish Liras "TRY" unless otherwise expressed)

19. Property, Plant and Equipment

a) Other Property, Plant and Equipment

	31.12.2020	Additions	Disposals	Revaluation (*)	Foreign currency translation differences	Transfer	31.12.2021
Cost							
Land	108.761	--	--	--	58.983	--	167.744
Land improvements	283.891	10.166	(480)	--	220.572	--	514.149
Buildings	1.484.410	56.400	(17.849)	740	1.068.923	(2.549)	2.590.075
Leasehold improvements	25.652	10.268	(54)	--	467	(9.336)	26.997
Machinery and equipment	2.450.221	201.732	(21.117)	--	1.240.558	450	3.871.844
Motor vehicles	161.191	51.593	(12.291)	--	51.926	--	252.419
Fixtures and fittings	401.737	35.535	(23.273)	--	221.919	483	636.401
Other property, plant and equipment	459.227	9.802	(26.191)	--	314.758	--	757.596
Construction in progress	40.851	97.748	(1.670)	--	5.503	(16.811)	125.621
	5.415.941	**473.244**	**(102.925)**	**740**	**3.183.609**	**(27.763)**	**8.942.846**
Accumulated depreciation (-)							
Land improvements	75.354	53.453	(388)	--	59.930	(112)	188.237
Buildings	379.221	207.070	(7.619)	--	335.369	(43.983)	870.058
Leasehold improvements	12.014	398	(54)	--	336	(1.916)	10.778
Machinery and equipment	938.079	331.501	(14.784)	(22.556)	577.736	(1.589)	1.808.387
Motor vehicles	98.368	20.215	(10.555)	(2.295)	35.176	679	141.588
Fixtures and fittings	295.375	39.789	(15.704)	--	112.572	773	432.805
Other property, plant and equipment	397.048	65.128	(21.126)	--	295.899	(48.774)	688.175
	2.195.459	**717.554**	**(70.230)**	**(24.851)**	**1.417.018**	**(94.922)**	**4.140.028**
Net Book Value	**3.220.482**						**4.802.818**

(*) Nurol L.L.C. adopted the revaluation method for its assets. The book values of the assets were revised in line with the expertise determined by the Group Management and the accumulated depreciation figures were revised accordingly as of 31 December 2021 and 2020.

(Currency – Thousand Turkish Liras “TRY” unless otherwise expressed)

19. Property, Plant and Equipment (Continued)

b) Other Property, Plant and Equipment (Continued)

	31.12.2019	Additions	Disposals	Revaluation	Exclusion from consolidation (Arabia)	Foreign currency translation differences	Transfer	31.12.2020
Cost								
Land	119.367	--	(15.264)	--	--	13.925	(9.267)	108.761
Land improvements	201.557	35.065	(32)	--	--	47.301	--	283.891
Buildings	1.187.470	64.485	(27.951)	655	--	243.573	16.178	1.484.410
Leasehold improvements	24.816	723	--	--	--	113		25.652
Machinery and equipment	2.089.966	77.973	(23.356)	--	(32)	290.684	14.986	2.450.221
Motor vehicles	148.774	3.709	(3.133)	--	--	11.910	(69)	161.191
Fixtures and fittings	332.973	29.321	(3.247)	--	(27)	40.631	2.086	401.737
Other property, plant and equipment	414.840	12.595	(23.569)	--	--	55.361	--	459.227
Construction in progress	21.607	38.766	(637)	--	--	2.551	(21.436)	40.851
	4.541.370	**262.637**	**(97.189)**	**655**	**(59)**	**706.049**	**2.478**	**5.415.941**
Accumulated depreciation (-)								
Land improvements	37.820	28.721	(32)	--	--	8.845	--	75.354
Buildings	216.635	125.018	(1.723)	--	--	43.900	(4.609)	379.221
Leasehold improvements	10.900	1.045	--	--	--	69	--	12.014
Machinery and equipment	648.237	201.408	(16.728)	(2.833)	(32)	115.031	(7.004)	938.079
Motor vehicles	76.887	14.404	(3.092)	(613)	--	6.624	4.158	98.368
Fixtures and fittings	229.594	28.234	(2.368)	--	(27)	28.099	11.843	295.375
Other property, plant and equipment	310.716	56.851	(14.283)	--	--	43.764	--	397.048
	1.530.789	**455.681**	**(38.226)**	**(3.446)**	**(59)**	**246.332**	**4.388**	**2.195.459**
Net Book Value	**3.010.581**							**3.220.482**

(Currency – Thousand Turkish Liras "TRY" unless otherwise expressed)

19. Property, Plant and Equipment (Continued)

b) Mining Assets

	31.12.2020	Additions	Disposals	Foreign currency translation differences	31.12.2021
Acquisition Costs					
Mining Development Cost (*)	716.696	152.260	--	550.374	1.419.330
Mining Rehabilitation Cost	71.277	8.566	--	54.735	134.578
Acquisition of Mining Rights (**)	135.216	1.507.107	--	103.837	1.746.160
	923.189	**1.667.933**	**--**	**708.946**	**3.300.068**
Accumulated Depreciation (-)					
Mining Development Cost	165.647	170.071	--	127.206	462.924
Mining Rehabilitation Cost	15.124	22.835	--	11.614	49.573
Acquisition of Mining Rights	36.765	30.327	--	28.232	95.324
	217.536	**223.233**	**--**	**167.052**	**607.821**
Net Book Value	**705.653**				**2.692.247**

	31.12.2019	Additions	Disposals	Foreign currency translation differences	31.12.2020
Acquisition Costs					
Mining Development Cost (*)	513.462	82.194	--	121.040	716.696
Mining Rehabilitation Cost	44.960	15.718	--	10.599	71.277
Acquisition of Mining Rights (**)	108.998	523	--	25.695	135.216
	667.420	**98.435**	**--**	**157.334**	**923.189**
Accumulated Depreciation (-)					
Mining Development Cost	54.551	98.237	--	12.859	165.647
Mining Rehabilitation Cost	3.672	10.586	--	866	15.124
Acquisition of Mining Rights	19.886	12.191	--	4.688	36.765
	78.109	**121.014**	**--**	**18.413**	**217.536**
Net Book Value	**589.311**				**705.653**

(Currency – Thousand Turkish Liras "TRY" unless otherwise expressed)

19. Property, Plant and Equipment (Continued)

c) Mining Assets (Continued)

(*) Exploration, Drilling and Development Expenses in

As of 31 December 2021 and 31 December 2020, the details of Tümad Madencilik's exploration, drilling and development expenses in the field of mining are as follows:

	31.12.2021	**31.12.2020**
Lapseki Project	640.831	334.672
İvrindi Project	716.893	359.239
Other	61.606	22.785
	1.419.330	**716.696**

(**) Mining Rights:

Tümad Mining has 10 mining licenses in total. Information on licenses is as follows:

License (Registration) Number	**Province**	**County**	**License Enforcement Date**	**Essence**	**Period**
86082	Çanakkale	Lapseki	4.09.2009	operating license	25 years
88276	Balıkesir	İvrindi	21.01.2014	operating license	30 years
17798	Çanakkale	Lapseki	16.12.2019	operating license	10 years
27480	Çanakkale	Lapseki	15.11.2019	operating license	10 years
79099	Çanakkale	Lapseki	16.12.2019	operating license	10 years
69073	Çanakkale	Lapseki	16.12.2019	operating license	10 years
88919	Çanakkale	Lapseki	17.07.2018	operating license	10 years
61515	Çanakkale	Lapseki	29.05.2019	operating license	10 years
200706189	Balıkesir	İvrindi	17.09.2020	operating license	10 years
68955	Çanakkale	Lapseki	20.01.2020	operating license	15 years

(Currency – Thousand Turkish Liras "TRY" unless otherwise expressed)

20. Investment Properties

	31.12.2020	Additions	Disposals	Revaluation differences (*)	Foreign currency translation differences	Transfer	31.12.2021
Cost							
Land							
- Nurol İnşaat	617.590	--	(2.236)	--	--	--	615.354
Buildings						--	
- Nurol İnşaat	574.272	148	(312)	--	--	3.203	577.311
- Georgia Batumi Sheraton Hotel	498.825	--	--	--	149.106	26.157	674.088
- Turser (*)	418.720	--	--	72.106	--	--	490.826
- Kuşadası Asena Hotel	5.430	--	--	--	--	--	5.430
- Nurol Holding	19.176	--	--	--	--	--	19.176
- Karum Offices	13.313	--	--	--	--	(1.141)	12.172
	2.147.326	**148**	**(2.548)**	**72.106**	**149.106**	**28.219**	**2.394.357**
Nurol Gayrimenkul:							
- Nurol Plaza	66.415	--	--	4.635	--	--	71.050
- Nurol Tower	439.479	--	(2.800)	46.035	--	--	482.714
- Oasis Bodrum	17.490	--	--	1.040	--	--	18.530
- Oasis Outlet Bağcılar	287.484	--	--	154	--	--	287.638
- Nurol Residence	37.045	--	--	755	--	--	37.800
- Karum AVM	600	--	--	100	--	--	700
- Nurol Life	187.981	--	(40.829)	19.436	--	--	166.588
	1.036.494	**--**	**(43.629)**	**72.155**	**--**	**--**	**1.065.020**
Accumulated depreciation (-)							
Buildings							
- Nurol İnşaat	44.882	9.007	(28)	--	--	7.835	61.696
- Georgia Batumi Sheraton Hotel	32.276	--	--	--	27.371	91.418	151.065
- Turser	96.893	5.251	--	(4.894)	--	--	97.250
- Nurol Holding	4.396	19	--	--	--	(4.149)	266
- Karum Offices	2.740	218	--	--	--	(169)	2.789
- Kuşadası Asena Hotel	1.247	63	--	--	--	--	1.310
	182.434	**14.558**	**(28)**	**(4.894)**	**27.371**	**94.935**	**314.376**
Net Book Value	**3.001.386**						**3.145.001**

(*) The Group's Turser Turizm Servis ve Ticaret A.Ş. Sheraton Hotel and Convention Center-Lugal, which is located in the investment properties in the company, was established in 2021 by 24 Gayrimenkul Değerleme ve Danışmanlık A.Ş. It was re-evaluated with the expertise (expert) report given by the company. The valuation difference between the appraised amount and the recorded amount (according to the appraisal report) has been recorded in the "income from investment activities" account in the profit / loss statement in the attached consolidated financial statements.

(Currency – Thousand Turkish Liras "TRY" unless otherwise expressed)

20. Investment Properties (Continued)

	31.12.2019	Additions	Disposals	Revaluation differences	Foreign currency translation differences	Transfer	31.12.2020
Cost							
Land							
- Nurol İnşaat	648.824	--	(31.234)	--	--	--	617.590
Buildings							
- Nurol İnşaat	574.272	--	--	--	--	--	574.272
- Georgia Batumi Sheraton Hotel	485.122	--	--	--	13.703	--	498.825
- Turser (*)	287.672	--	--	120.484	--	10.564	418.720
- Kuşadası Asena Hotel	8.565	--	--	--	--	(3.135)	5.430
- Nurol Holding	19.176	--	--	--	--	--	19.176
- Karum Offices	13.313	--	--	--	--	--	13.313
	2.036.944	**--**	**(31.234)**	**120.484**	**13.703**	**7.429**	**2.147.326**
Nurol Gayrimenkul:							
- Nurol Plaza	63.680	470	--	2.265	--	--	66.415
- Nurol Tower	427.764	--	(7.665)	19.380	--	--	439.479
- Oasis Bodrum	14.160	--	--	3.330	--	--	17.490
- Oasis Outlet Bağcılar	286.950	--	--	534	--	--	287.484
- Nurol Residence	34.940	--	--	2.105	--	--	37.045
- Karum AVM	515	--	--	85	--	--	600
- Nurol Life	200.348	--	(4.171)	(8.196)	--	--	187.981
	1.028.357	**470**	**(11.836)**	**19.503**	**--**	**--**	**1.036.494**
Accumulated depreciation (-)							
Buildings							
- Nurol İnşaat	34.642	10.240	--	--	--	--	44.882
- Georgia Batumi Sheraton Hotel	29.855	--	--	--	2.421	--	32.276
- Turser	98.222	380	--	--	--	(1.709)	96.893
- Nurol Holding	4.618	--	--	--	--	(222)	4.396
- Karum Offices	2.499	244	--	--	--	(3)	2.740
- Kuşadası Asena Hotel	2.131	63	--	--	--	(947)	1.247
	171.967	**10.927**	**--**	**--**	**2.421**	**(2.881)**	**182.434**
Net Book Value	**2.893.334**						**3.001.386**

(*) Investment properties belonging to Turser Turizm Servis ve Ticaret A.Ş., one of the group companies Sheraton Otel and Convention Center-Lugal have been revalued with the expert report dated 31 December 2020 by Net Kurumsal Değerleme ve Danışmanlık A.Ş. The valuation difference between the valued amount and the registered amount (according to the appraisal report) has been recorded in the "Tangible Fixed Asset Revaluation" account in the equity in the attached consolidated financial statements.

(Currency – Thousand Turkish Liras "TRY" unless otherwise expressed)

21. Depreciation and Amortization

	31.12.2021	31.12.2020
Property, plant and equipment (Note 19)	717.554	455.681
Investment properties (Note 20)	14.558	10.927
Intangible assets (Note 22)	77.838	51.171
Mining assets depreciation (Note 19)	223.233	121.014
	1.033.183	**638.793**

The distribution of depreciation and amortization charges is as follows:

	01.01-31.12.2021	01.01-31.12.2020
Production costs	728.991	328.015
Cost of services	198.275	220.566
General administrative expenses	78.676	46.842
Marketing, selling and distribution expenses	11.012	8.626
Research and development expenses	11.625	32.574
Idle capacity expenses	4.604	2.170
	1.033.183	**638.793**

(Currency – Thousand Turkish Liras "TRY" unless otherwise expressed)

22. Intangible Assets

	31.12.2020	Additions	Disposals	Revaluation	Foreign currency valuation (*)	Transfer	31.12.2021
Cost							
Rights	144.552	28.681	(27)	--	75.238	(456)	247.988
Energy licenses (*)	407.390	174.460		(66.912)	--	--	514.938
Establishment expenses	64	--	--	--	--	--	64
Other development expenses (**)	191.525	64.108	(5.421)	--	163.719	(172.882)	241.049
Other intangible assets	310	7.475	(86)	--	--	172.882	180.581
	743.841	**274.724**	**(5.534)**	**(66.912)**	**238.957**	**(456)**	**1.184.620**
Accumulated amortization (-)							
Rights	111.344	21.876	(58)	--	61.583	(13)	194.732
Energy licenses (*)	84.413	14.015	--	(76.400)	--	--	22.028
Establishment expenses	64	--	--	--	--	--	64
Other development expenses (**)	54.157	41.813	--	--	48.009	--	143.979
Other intangible assets	279	134	(86)	--	--	--	327
	250.257	**77.838**	**(144)**	**(76.400)**	**109.592**	**(13)**	**361.130**
Net Book Value	**493.584**						**823.490**

(*) Hydroelectric Power Plant owned by Nurol Göksü Elektrik Üretim A.Ş. In 2021, CMB licensed Smart Kurumsal Değerleme ve Danışmanlık A.Ş. It was re-evaluated with the expertise (expert) report given by the company. The valuation difference between the appraised amount and the recorded amount (according to the appraisal report) has been recorded in the "Tangible Fixed Assets Revaluation" account in the equity in the accompanying consolidated financial statements.

(Currency – Thousand Turkish Liras "TRY" unless otherwise expressed)

22. Intangible Assets (Continued)

	31.12.2019	Additions	Disposals	Foreign currency translation differences	Transfer	31.12.2020
Cost						
Rights	107.798	19.909	--	15.997	848	144.552
Energy licenses (*)	343.518	63.872	--	--	--	407.390
Establishment expenses	64	--	--	--	--	64
Other development expenses (**)	130.990	40.236	(1.026)	32.080	(10.755)	191.525
Other intangible assets	310	--	--	--		310
	582.680	**124.017**	**(1.026)**	**48.077**	**(9.907)**	**743.841**
Accumulated amortization (-)						
Rights	82.726	17.454	--	12.671	(1.507)	111.344
Energy licenses (*)	70.428	13.985	--	--	--	84.413
Establishment expenses	64	--	--	--	--	64
Other development expenses (**)	26.966	19.679	(136)	7.648	--	54.157
Other intangible assets	226	53	--	--	--	279
	180.410	**51.171**	**(136)**	**20.319**	**(1.507)**	**250.257**
Net Book Value	**402.270**					**493.584**

(Currency – Thousand Turkish Liras "TRY" unless otherwise expressed)

22. Intangible Assets (Continued)

(*) Energy Licenses:

In 2013, the Group purchased the operating rights of Göksu Hydroelectric Power Plant through the privatization costing TRY 119.738 thousand (USD 52.500 thousand) for 49 years. Göksu Hydroelectric Power Plant was established in the province of Konya.

The Group established Enova Enerji Üretim A.Ş. with the joint venture of Özaltın Group for the purpose of energy production and sales in 2003. Enova Enerji Üretim A.Ş. owns the production license, which is related to production facility, dated 21 December 2006, amounting to TRY 22.893 thousand and obtained from EMRA.

(**) Nurol Makina Development Expenses:

Research and development centre application of Nurol Makina has been approved by the Ministry of Science, Industry and Technology and has begun operations in the Sincan Branch as of 01.09.2015; the final annual report was submitted to the Ministry of Industry and Technology in April 2018. With regards to the letter obtained from the Ministry and Technology dated 30.11.2018, the Company continues to benefit from the incentives and exemptions provided to research and development centres under Law No. 5746. There are no development expenses capitalized by the Company for the periods of 31 December 2021 and 2020.

Development expenses are comprised of armour recycling projects, armour modulation projects, personnel protection armour development projects, vehicle and structure armour development projects.

23. Provisions, Contingent Assets and Liabilities

Current provisions	**31.12.2021**	**31.12.2020**
Provision for litigations	85.327	44.045
Provision for cost expenses	478.191	260.646
Provision for warranty and installation expenses	65.915	54.104
Provisions for non-cash loans	7.426	6.234
	636.859	**365.029**

Non-Current provisions	**31.12.2021**	**31.12.2020**
Rehabilitation provision (*)	129.447	71.276
Provision for warranty expenses	--	274
Other	1.090	--
	130.537	**71.550**

(*)The rehabilitation provision that leaves the mining sites includes the Company's current values. The proportion of the future liabilities that will arise regarding the reinstatement of the nature separated from the mining sites, the production capacity, the duration stipulated in the mining areas, the validity of the mine operating licenses, the feasibility studies consist of the inputs used in the calculation of the rehabilitation provisions.

(Currency – Thousand Turkish Liras "TRY" unless otherwise expressed)

23. Provisions, Contingent Assets and Liabilities (Continued)

	31.12.2021	**31.12.2020**
Legal cases in favour of the Group	148.820	34.100
Legal cases against the Group	99.580	25.354

As of 31 December 2021, the total amount of pending lawsuits against the Group is approximately TRY 99.580 thousand (31 December 2020: TRY 25.354 thousand). As of December 31, 2021, the Group has set aside a provision of TRY 39.943 thousand (31 December 2020: TRY 4.121 thousand) for those who have the risk of litigation, according to the opinion of its legal counsel.

The letters of guarantee, checks and notes received by the Group are as follows:

	31.12.2021		**31.12.2020**	
	Original Currency	**TRY Equivalent**	**Original Currency**	**TRY Equivalent**
Letters of guarantee received				
- TRY	233.790	233.790	141.071	141.071
-USD	18.634	241.821	35.307	259.175
-EUR	27.927	410.039	27.537	248.054
Cheques and notes received				
- TRY	21	21	21	21
-USD	3	35	3	20
	--	**885.707**		**648.341**

As of 31 December 2021 and 2020, the tables regarding the Group's collateral/pledge/mortgage ("CPM") position are as follows:

		31.12.2021	**31.12.2020**
A	CPM's given in the name of own legal personality	17.620.933	11.248.379
B	CPM's given on behalf of the fully consolidated companies	12.884.300	9.947.046
C	CPM's given on behalf of third parties for ordinary course of business	--	--
D	Total amount of other CPM's given	--	--
	i. Total amount of CPM's given on behalf of the majority shareholder	--	--
	ii. Total amount of CPM's given on behalf of the group companies which are not in scope of B and C	--	--
	iii. Total amount of CPM's given on behalf of third parties which are not in scope of C	--	--
		30.505.232	**21.195.425**

(Currency – Thousand Turkish Liras "TRY" unless otherwise expressed)

23. Provisions, Contingent Assets and Liabilities (Continued)

	Original amount						31.12.2021
	TRY	USD	EUR	DZD	KWD	RON	TRY Equivalent
Letter of guarantee	690.510	209.051	134.566	938.819	--	105.124	5.777.004
Mortgages	2.327.025	238.000	65.000	--	--	--	6.370.020
Suretyship	--	421.800	--	--	--	--	5.473.910
	3.017.535	**868.851**	**199.566**	**938.819**	**--**	**105.124**	**17.620.933**

	Original amount						31.12.2020
	TRY	USD	EUR	DZD	KWD	RON	TRY Equivalent
Letter of guarantee	550.218	280.031	140.792	1.199.888	238	42.414	4.024.413
Mortgages	2.302.025	238.000	30.000	--	--	--	4.319.301
Suretyship	--	395.704	--	--	--	--	2.904.665
	2.852.243	**913.735**	**170.792**	**1.199.888**	**238**	**42.414**	**11.248.379**

(Currency – Thousand Turkish Liras "TRY" unless otherwise expressed)

23. Provisions, Contingent Assets and Liabilities (Continued)

Shares of Enova Enerji's shareholders were pledged in favor of TSKB and Akbank at a price of US$ 150.000 on a first-degree guarantee.

Enova Enerji's receivables from electricity sales contracts of Ceyhan HEPP facility after beginning its operations were mortgaged in favour of TSKB and Akbank in the amount of USD 99,000 thousand.

Enova Enerji declared and committed, during the investment period in three years after actual import and instalment of HEPP and equipment, TRY equivalent of USD 99,000 thousand distribution pledge of assets, pro rata payment to TSKB and Akbank.

On 16 July 2020, Tümad Madencilik signed 4-year refinancing agreement with the European Bank for Reconstruction and Development (EBRD) consortium of Akbank and Ziraat Bank in the amount of USD 255 million.

The following obligations arise in respect of the project financing agreement:

- The shares of Tümad Madencilik's shareholders have been pledged in the first degree in favour of Akbank, the "Security Agent".

- Tümad Madencilik has signed a creditor agreement relating to the project financing loan in which Lapseki and İvrindi Gold and Silver Production Facilities will be appointed as Collateral Representative in favour of Akbank once it has begun production.

- Three "Operating Licenses" of Tümad Madencilik in Lapseki and İvrindi are 1st degree pledged in the amount of USD 397.500 in favour of Akbank, the "Security Agent".

24. Employee Benefits

a) Liabilities for employee benefits

	31.12.2021	**31.12.2020**
Due to personnel	21.594	11.813
Social security premiums payable	26.042	15.206
	47.636	**27.019**

b) Provisions for employee benefits

	31.12.2021	**31.12.2020**
Short-term provisions	48.063	30.952
Long-term provisions	66.481	51.559
	114.544	**82.511**

(Currency – Thousand Turkish Liras "TRY" unless otherwise expressed)

24. Employee Benefits (Continued)

b.1) Current provisions for employee benefits

	31.12.2021	31.12.2020
Unused vacation provision	48.063	30.952
	48.063	**30.952**

b.2) Non-current provisions for employee benefits

	31.12.2021	31.12.2020
Provision for employee termination benefits	66.481	51.559
	66.481	**51.559**

Provision for employee termination benefits

In accordance with existing social legislation in Turkey, the Group and its subsidiaries incorporated in Turkey are required to make lump-sum termination indemnities to each employee who has completed one year of service with the Company, and whose employment is terminated due to retirement or for reasons other than resignation or misconduct.

The amount payable consists of one month's salary limited to a maximum of TRY 8.254,51 for each period of service at 31 December 2021 (31 December 2020: TRY 7.117,17). As the maximum liability is revised semi-annually, the maximum amount of TRY 10.596,74 has been taken into consideration in calculation of provision from employment termination benefits. (1 January 2021: TRY 7.638,96).

Retirement pay liability is not legally subject to any funding.

Liability of employment termination benefits is not subject to any funding as there is not an obligation. Provision is calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. IAS 19 "Employee Benefits" requires actuarial valuation methods to be developed to estimate the Company's obligation under the defined benefit plans. The following actuarial assumptions are used in the calculation of the total liability. Actuarial loss / (gain) are accounted in the comprehensive income statement under the "Revaluation Funds"

	31.12.2021	31.12.2020
Discount rate	%21.00	%13.00
Annual inflation rate	%16.40	%9.00

(Currency – Thousand Turkish Liras "TRY" unless otherwise expressed)

25. Other Assets and Liabilities

Other current assets	**31.12.2021**	**31.12.2020**
VAT carried forward	453.000	204.869
Receivables from tax administration	228.491	158.662
Advances given to subcontractors (*)	130.205	59.187
Advances given for business purposes	10.374	19.745
Accrued income	7.191	5.259
Other	261	25
	829.522	**447.747**

(*) TRY 99.140 thousand of advances given to subcontractors consists of the advances given to the subcontractors of Tümad Madencilik and TRY 30.705 thousand of advances given to subcontractors consists of the advances given to the subcontractors of Nurol İnşaat.

Other current liabilities	**31.12.2021**	**31.12.2020**
Taxes and funds payable	175.318	67.662
Other (*)	283.641	123.857
	458.959	**191.519**

(*)20.607 thousand USD equivalent to 283.641 thousand TRY consists of the State rights of Tümad Madencilik. Pursuant to Article 3 of the Mining Law No. 3212 and Article 4 of the Mining Application Law, companies holding a mining license have to pay the State's dues.

Other non-current liabilities	**31.12.2021**	**31.12.2020**
Nurol LLC	61.478	--
Nurol İnşaat Morocco Branch	1.091	--
	62.569	**--**

(Currency – Thousand Turkish Liras “TRY” unless otherwise expressed)

26. Equity

a. *Share Capital*

	Share Rate (%)	31.12.2021	31.12.2020
Nurettin Çarmıklı	33,31	258.455	258.455
Erol Çarmıklı (*)	--	---	258.455
Figen Çarmıklı	33,31	258.455	--
M. Oğuz Çarmıklı	33,31	258.455	258.455
Eyüp Sabri Çarmıklı	<1	93	93
Gaye Çarmıklı	<1	93	93
Gürol Çarmıklı	<1	62	62
Gözde Çarmıklı	<1	62	62
Gürhan Çarmıklı	<1	62	62
Eda Çarmıklı Yolcu	<1	62	62
Saadet Ceyda Çarmıklı	<1	62	62
Oğuzhan Çarmıklı	<1	62	62
Müjgan Sevgi Kayaalp	<1	22	22
Aynur Türkan Çarmıklı	<1	39	39
Melih Kayaalp	<1	8	8
Semih Kayaalp	<1	8	8
	100	**776.000**	**776.000**
Inflation adjustment		(62.784)	(62.784)
	100	**713.216**	**713.216**

The issued share capital of Nurol Holding comprised of 776.000 shares of par value TRY 1 each.

(*)Due to the death of Mr. Erol Çarmıklı, one of the partners of the company, 33,31% share amounts of 258.455 TRY It was legally transferred to Figen Çarmıklı with the court decision dated 7 September 2021.

b. *Other Comprehensive Income/ (Expense) Not to be Reclassified to Profit or Loss*

	31.12.2021	31.12.2020
Current assets revaluation fund	1.191.769	980.264
Actuarial gains/ losses	(3.918)	2.743
	1.187.851	**983.007**

Provision for employee termination benefits actuarial gain / (loss) funds

The amendment in IAS 19 “Employee Benefits” does not permit the actuarial gain /loss considered in the calculation of provision for employee termination benefits to be accounted for under the statement of income. The gains and losses arising from the changes in the actuarial assumption have been accounted for by “Revaluation Funds” under the equity. The funds for actuarial gains / (losses) in the employee termination benefits is not in a position to be reclassified under profit and loss.

(Currency – Thousand Turkish Liras "TRY" unless otherwise expressed)

26. Equity (Continued)

c. Comprehensive Income/ (Expense) to be Reclassified to Profit or Loss

	31.12.2021	**31.12.2020**
Foreign currency translation	3.815.732	982.479
Revaluation of financial assets available for sale	5.221	118.773
Cash flow hedge gains	5.778	(38.224)
	3.826.731	**1.063.028**

d. Restricted reserves

	31.12.2021	**31.12.2020**
Legal reserves	83.072	84.836
Statue reserves	68.804	43.952
Extraordinary reserves	376.635	356.961
	528.511	**485.749**

Retained earnings in the statutory financial statements can be distributed as dividends other than judgments related to legal reserves described below.

The legal reserves consist of first and second legal reserves in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of the statutory profits at the rate of 5%, until the total reserve reaches a maximum of 20% of the Group's share capital. The second legal reserve is appropriated at the rate of 10% of all distributions in excess of 5% of the Group's share capital. The legal reserves are not available for distribution unless they exceed 50% of the issued capital, other than those legal reserves cannot be used.

"Legal Reserves", "Share Premiums" in the legal reserve status and legal reserves allocated for specific purposes (participation sales revenue allocated to obtain tax advantage) other than profit distribution allocated within the framework of the related Clause of Turkish Commercial Code are reflected as their recorded amounts. Within this scope, differences arising in the evaluations made within the framework of IFRS principles and inflation adjustments not subject to profit distribution or capital increase as by the report date are related with previous year's profits/losses.

e. Non-Controlling Interests

Shares attributable to third parties in the shareholders' equity (including approved and paid-in capital) of the consolidated subsidiaries, which are not fully owned, are separately accounted for as non-controlling interest in the consolidated financial statements by reducing from related shareholders' equity components. Shares attributable to third parties in the net profit or loss for the periods of the consolidated subsidiaries, which are not fully owned, are separately accounted for as non-controlling interests, in the distribution of period profit / (loss) section of the consolidated statement of income. As of 31 December 2021 and 31 December 2020 movements of non-controlling interest is as follows:

31 December 2018 Minority Interest	**303.391**
Capital change	1.252
Minority share of other prior year profit and loss adjustments	25.894
Minority share of profit/loss for the period	169.340
31 December 2019 Minority Interest	**499.877**

(Currency – Thousand Turkish Liras "TRY" unless otherwise expressed)

26. Equity (Continued)

e. Non-Controlling Interests

31 December 2019 Minority Interest	**499.877**
Capital change	2.201
Minority share of other prior year profit and loss adjustments	55.369
Minority share of profit/loss for the period	30.911
31 December 2020 Minority Interest	**588.358**
Capital change	73.586
Minority share of other prior year profit and loss adjustments	179.296
Minority share of profit/loss for the period	(158.889)
31 December 2021 Minority Interest	**682.351**

27. Revenue and Cost of Sales

	01.01-31.12.2021	**01.01-31.12.2020**
Domestic sales	8.592.733	5.866.989
Export sales	2.975.167	2.638.887
Sales discount (-)	(11.796)	(6.635)
Revenue	**11.556.104**	**8.499.241**
Cost of sales (-)	**(7.681.213)**	**(6.326.451)**
Gross profit from trading activity	**3.874.891**	**2.172.790**
Income of financial sector activities	710.080	454.164
Cost of financial sector activities (-)	(337.704)	(193.830)
Gross profit from financial sector activities	**372.376**	**260.334**
Gross profit	**4.247.267**	**2.433.124**

(Currency – Thousand Turkish Liras "TRY" unless otherwise expressed)

28. General Administrative Expenses, Marketing, Selling and Distribution Expenses and Research and Development Expenses

	01.01-31.12.2021	01.01-31.12.2020
General administrative expenses	510.955	337.821
Marketing, selling and distribution expenses	193.052	129.635
Research and development expenses	126.063	72.885
	830.070	**540.341**

29. Other Operating Income and Expenses

Other Operating Income	01.01-31.12.2021	01.01-31.12.2020
Provisions not covered (FNSS)	44.677	--
Nurol Investment Bank investment property valuation	41.110	--
Incentive revenues	13.686	11.731
Insurance indemnity	8.439	5.238
Other income (Nurol Gayrimenkul)	7.401	2.137
Nurol Dubai LLC insurance revenues	7.394	7.520
Scrap, raw material and material sales profits	7.162	6.425
Other income (FNSS)	6.048	
Other income (Tümad)	4.521	2.124
Provisions not covered	4.421	61.887
Rediscount income	666	2.116
Commission income	26	246
Inventory count differences	13	22
Other income (Nurol Makina)	--	738
Price difference revenues	--	1.597
Other income (Nurol bank)	--	22.089
Other	210	36.981
	145.774	**160.851**

(Currency – Thousand Turkish Liras "TRY" unless otherwise expressed)

29. Other Operating Income and Expenses (Continued)

Other Operating Expenses	01.01-31.12.2021	01.01-31.12.2020
Restructuring Law No. 7326 expenses (*)	(274.970)	--
Penalty expenses paid in accordance with the contract (**)	(147.320)	--
Provision expenses	(66.025)	(38.378)
Donations and grant	(26.795)	(46.328)
Rediscount expenses	(4.635)	(40)
Idle capacity expenses	(4.604)	(2.170)
Severance pay interest expense	(2.673)	(2.240)
Commission expenses	(358)	(33.283)
Insurance indemnity	(20)	--
Scrap, raw material and material sales loss	(2)	--
Prior period expense	--	(12)
Related party expenses	--	(201)
Law amendment expenses	--	(1.226)
Other	(106.559)	(8.097)
	(633.961)	**(131.975)**

(*) In the 5th Article of the Law No. 7326 on the "Restructuring of Certain Receivables and Amending Certain Laws", the taxpayers declared in the title of "Base and Tax Increase" regarding the years 2017, 2018, 2019 and 2020; By increasing their income tax, corporate tax, income and corporate withholding tax and value added tax bases, they have been granted the right not to be subject to tax inspection and penalty tax assessment, depending on the condition of payment of the specified time and form.

(**) It is the penalty amount arising from the Company's violation of the terms of the contract within the scope of the ballistic protective vest, special operations carrier vest and armoured cabin contracts made with the Republic of Turkey Presidency S.S.B.

30. Income and Expenses from Investing Activities

Income from investing activities	01.01-31.12.2021	01.01-31.12.2020
Securities sales income	27.177	457
Rent income	41.429	1.104
Profit on sale of property, plant and equipment	13.015	54.169
Dividend income	482	18
Value increases for investment property	149.155	19.503
Affiliate / subsidiary sales profits	40	--
	231.298	**75.251**

Expense from investing activities	01.01-31.12.2021	01.01-31.12.2020
Loss on property, plant and equipment sales	(1.015)	(1.352)
Securities sales expense	(64.353)	(65.914)
Losses on sales of affiliate / subsidiaries	(2.435)	--
Loss on sale of investment property	(5.242)	--
	(73.045)	**(67.266)**

(Currency – Thousand Turkish Liras "TRY" unless otherwise expressed)

31. Financial Income and Expenses

Financial income	**01.01-31.12.2021**	**01.01-31.12.2020**
Foreign exchange income	2.234.287	1.507.381
Interest income	143.436	126.014
Revaluation of derivative financial instruments	7.840	--
	2.385.563	**1.633.395**

Financial expenses	**01.01-31.12.2021**	**01.01-31.12.2020**
Foreign exchange expenses	(5.804.964)	(2.399.887)
Interest expenses	(2.451.185)	(1.855.309)
Letter of guarantee expenses	(23.935)	(16.280)
Bank commission expenses	(75.643)	(44.383)
Revaluation of derivative financial instruments	(25.046)	--
	(8.380.773)	**(4.315.859)**

32. Taxes on Income (Including Deferred Tax Assets and Liabilities)

The corporate tax rate is applied to the tax base to be found as a result of adding the expenses that are not accepted as a deduction in accordance with the tax laws to the commercial income of the corporations and deducting the exceptions and deductions in the tax laws. If the profit is not distributed, no other tax is paid, and all or part of the profit is dividends;

- To real people
- Natural and legal persons who are exempt or exempt from Income and Corporate Tax,
- Limited taxpayer real and legal persons,

In case of distribution, 15% Income Tax Withholding is calculated. The addition of the period profit to the capital is not considered as profit distribution and no withholding tax is applied.

Corporations calculate a 25% temporary tax on their quarterly financial profits and declare it until the 17th day of the second month following that period and pay it until the evening of the 17th day. The temporary tax paid during the year belongs to that year and is deducted from the corporate tax to be calculated over the corporate tax return to be submitted in the following year.

75% of the profits arising from the sale of participation shares, which are in the assets of the corporations for at least two full years, and 50% of the gains from the sale of the immovables that are in the assets for the same period of time, are exempt from tax, provided that they are added to the capital as stipulated in the Corporate Tax Law.

According to the Turkish tax legislation, financial losses shown on the declaration can be deducted from the corporate income for the period, provided that they do not exceed 5 years. However financial losses cannot be offsite from last year's profits. There is no practice in Turkey to reach an agreement with the tax authority regarding the taxes to be paid. Corporate tax returns are submitted to the relevant tax office until the evening of the last day of the fourth month following the month in which the accounting period is closed. However, the tax inspection authorities can examine the accounting records within five years, and if an incorrect transaction is detected, the tax amounts to be paid may change.

(Currency – Thousand Turkish Liras "TRY" unless otherwise expressed)

32. Taxes on Income (Including Deferred Tax Assets and Liabilities) (Continued)

The law on amending the Tax Procedure Law and the Corporate Tax Law was enacted on January 20, 2022, Law No. It has been enacted with the number 7352 and it has been decided that the financial statements will not be subject to inflation adjustment in the 2021 and 2022 accounting periods, including the temporary accounting periods, and in the provisional tax periods of the 2023 accounting period, regardless of whether the conditions for the inflation adjustment within the scope of the Repeated Article 298 are met. The Public Oversight Authority made a statement on the Implementation of Financial Reporting in High Inflation Economies under TFRS on January 20, 2022, and it was stated that there was no need to make any adjustments within the scope of TAS 29 Financial Reporting in High Inflation Economies in the financial statements for 2021.

With the article 11 of the Law No. 7316 on the Procedure for the Collection of Public Claims and Amending Certain Laws, published in the Official Gazette No. 31462 dated 22 April 2021, provisional 13th article added to the Corporate Tax Law No. 5520, corporate tax rate will be applied as 25% for the corporate earnings for the 2021 taxation period and 23% for the corporate earnings for the 2022 taxation period. This change will be valid for the taxation of corporate earnings for the periods starting from January 1, 2021, starting with the declarations that must be submitted as of July 1, 2021. In the financial statements dated 31 December 2021, 25% and 20% are used as tax rates for current tax and deferred tax calculations.

Investment Discounts

The Group has tax incentives as a reduced tax rate in accordance with Article 32/A of the Corporate Tax Law (KVK). The reduced tax rate is 13%.

United Arab Emirates
As of December 31, 2021, the VAT rate varies from 0% to 5% or tax-free. The rate for revenues and costs from construction works is 5%. The company is not subject to income tax or corporate tax in the U.A.E.

Georgia
The standard VAT rate is 18% and applies to the sale of all goods and services supplied in Georgia carried out as an economic activity. Under the new corporate income tax system, the income is recognized As of December 31, 2021, the VAT rate varies from 0% to 5% or tax-free. The rate for revenues and costs from construction works is 5%. The company is not subject to income tax or corporate tax in the U.A.E. as per International Financial Reporting Standards (IFRS). The corporate income tax rate in Georgia is 15%. Branch income is taxed at the general rate of 15% upon its distribution.

Algeria
The Group does not have any exemption on tax and pays income tax every March (corporation tax and income tax are the same). Income tax rate is 23%. The Group is to state VAT information to the tax office of the previous month, to the15th of the current month and pay till the end of the current month. VAT rate is 19%.

Morocco
The Group does not have any exemption on tax and pays income tax every March (corporation tax and income tax are the same). Income tax rate is 30%. The Group is to state VAT information to the tax office of the previous month, until the 19th of the current month and pay till the end of the current month. VAT rate is 20%.

The tax liabilities included in the financial statements comprised:

Tax provision in the statement of the financial position	31.12.2021	31.12.2020
Current tax provision	201.589	42.221
	201.589	**42.221**

(Currency – Thousand Turkish Liras "TRY" unless otherwise expressed)

32. Taxes on Income (Including Deferred Tax Assets and Liabilities) (Continued)

Tax provision in the statement of income	01.01-31.12.2021	01.01-31.12.2020
Provision for Corporate Tax for current period	(155.701)	(44.652)
Deferred tax income / (expense)	(162.817)	(265.988)
	(318.518)	**(310.640)**

Assets related to the current period taxes are as follows	31.12.2021	31.12.2020
Prepaid taxes (-) (*)	302.189	212.242
	302.189	**212.242**

(*)According to Turkish Tax Laws companies must make advance payments of corporation tax. Prepaid taxes are computed on the quarterly taxable profits reported at the rate of 25% (2020: 22%). This prepaid corporation tax can be recovered by deduction from future corporation tax liabilities. Recovery by deduction from other taxes is also possible.

Long-term:	31.12.2021	31.12.2020
Prepaid taxes (-) (**)	149.188	85.863
Non-current VAT receivable	117.462	163.406
	266.650	**249.269**

(**)In accordance with Turkish Income Tax Law No.42, 3% retention is made from each progress report issued in respect of long-term construction contracts. These retentions are recorded in prepaid taxes and are offset later on against the corporation tax liability of the accounting year in which the contract is completed

Government Incentives and Donations

The decision of the Council of Ministers regarding the investment incentives of the existing mining facilities in Lapseki and Ivrındı of Tümad Madencilik, one of the Group Companies, within the scope of Government Grants, was published in the Official Gazette on 19 June 2012 and became valid. Within the scope of that decision, the Group has received Investment Incentive Certificates numbered A127961 and B138360 which is located at region 1 and has a contribution rate of 50% for the Group's investments. Investment Incentive Certificate states a total investment amount of TRY 306.891 thousand and 625.000 thousand which can be adjusted with the completion of investment. As of 31 December 2021, within the scope of the certificate, the Company recognized USD 64.839 thousand deferred tax assets to reduce corporate tax. The remaining balance is USD 1.864 thousand.

Deferred Tax

The Group calculates its deferred income tax assets and liabilities by taking into account the effects of temporary differences between the legal financial statements of the balance sheet items as a result of different evaluations. These temporary differences generally result from the recognition of income and expenses in different reporting periods in accordance with the communiqué and tax laws.

(Currency – Thousand Turkish Liras "TRY" unless otherwise expressed)

32. Taxes on Income (Including Deferred Tax Assets and Liabilities) (Continued)

Deferred Tax (continued)

The breakdown of cumulative temporary differences and deferred tax assets and liabilities provided using principal tax rates are as follows:

	31.12.2021	31.12.2020
Deferred tax assets	1.947.004	1.080.445
Deferred tax liabilities (-)	(2.228.443)	(1.018.869)
Deferred tax assets / (liabilities), net	**(281.439)**	**61.576**

Cumulative temporary differences	31.12.2021	31.12.2020
Investment incentive	419.301	1.258.688
Transferring research and development incentive discount	957.601	520.786
Expense accruals	226.913	112.591
Credit interest accrual, net	10.486	6.782
Provisions for employee benefits	91.931	75.870
Expense written assets	72.073	5.741
Cash capital increase	19.791	25.359
Doubtful debt provision	17.318	6.315
Provisions for litigation	71.689	33.206
Unused vacation provision	15.141	7.895
Warranty and assembly expenses	1.090	1.088
Revaluation of tangible and intangible assets	(2.372)	--
Derivative financial instruments, net	435.029	51.081
Exchange rate differences, net	(2.967)	(722)
Other provisions	398.992	305.009
Prior years losses, net	1.493.448	622.049
Income accruals	(8.066)	(5.002)
Tax effect of prepaid loan interest	--	(5.269)
Carrying value and tax value net difference of inventories	(13)	2.137.480
Trade and other receivables	(5.947.866)	(3.581.051)
Valuation of investment properties	(137.628)	(253.471)
Time deposit interest accrual	(4)	(6)
Valuation of financial investments	136.498	(26.879)
Rehabilitation money	39.658	13.750
Financial expenses not accrued (net)	(2.829)	(6.173)
Depreciation adjustment	(6.363)	(780.713)
Ongoing constructions, net	813.100	(45.754)
Affiliate provision expense, net	5.429	(14.704)
The net difference in the carrying value and tax value of tangible and intangible assets, net	(451.464)	(235.980)
Differences in depreciation and amortization periods of tangible and intangible assets	(82.934)	--
Ongoing contracts	11.061	4.537
Presentation currency conversion variances	309.381	98.917
Other, net	(29.165)	9.992
	(1.125.741)	**341.412**

(Currency – Thousand Turkish Liras "TRY" unless otherwise expressed)

32. Taxes on Income (Including Deferred Tax Assets and Liabilities) (Continued)

Deferred tax assets / (liabilities)	31.12.2021	31.12.2020
Investment incentive	104.825	271.621
Transferring research and development incentive discount	239.400	104.157
Expense accruals	56.728	24.770
Loan interest accrual, net	2.622	1.469
Provisions for employee benefits	22.983	15.678
Expense written assets	18.018	1.257
Cash capital increase	4.948	5.072
Doubtful debt provision	4.330	1.389
Provisions for litigation	17.922	7.189
Unused vacation provision	3.785	1.692
Warranty and assembly expenses	273	218
Derivative financial instruments	108.757	10.992
Exchange rate differences	(741)	(159)
Other provisions	99.748	60.982
Prior years losses	373.362	118.711
Income accruals	(2.017)	(1.004)
Tax effect of prepaid loan interest	--	(1.055)
Carrying value and tax value net difference of inventories	(3)	427.496
Trade and other receivables	(1.486.967)	(716.210)
Valuation of investment properties	(34.407)	(55.161)
Time deposit interest accrual	(1)	(1)
Valuation of financial investments	34.125	(5.914)
Rehabilitation money	9.915	3.025
Unaccrued finance income (net)	(707)	(1.358)
Depreciation adjustment	(1.591)	(170.881)
Revenues from ongoing contracts	203.275	(10.066)
Affiliate provision expense, net	1.357	(3.236)
The net difference in the carrying value and tax value of tangible and intangible assets, net	(112.866)	(47.159)
Differences in depreciation and amortization periods of tangible and intangible assets	(20.734)	--
Revaluation of tangible and intangible assets	(593)	--
Ongoing contracts	2.765	998
Presentation currency conversion variances	77.341	19.782
Other, net	(7.291)	(2.718)
	(281.439)	**61.576**

(Currency – Thousand Turkish Liras "TRY" unless otherwise expressed)

33. Pay Earnings Per Share

Earnings per share is calculated by dividing the net profit for the year attributable to the ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

Pay Earnings Per Share	01.01- 31. 12.2021	01.01- 31.12.2020
Profit for the period	2.446.585	296.350
Profit attributable to non-controlling interest	(158.888)	30.912
Profit attributable to equity holders of the parent	2.287.697	327.262
Weighted average number of shares with nominal value	776.000	776.000
Earnings per share	**3.1528**	**0.3819**

34. The Nature and Level of Risks Arising from Financial Instruments

I. Capital Risk Management

The main financial instruments of the Group consist of bank loans, cash and short-term deposits. The main purpose of these financial instruments is to finance the Group's operating activities.

a) Capital Risk Management

The Group's objectives when managing capital. To maintain the most appropriate capital structure and to ensure the continuity of the Company's activities in order to benefit its shareholders and reduce the cost of capital.

As of 31 December 2021 and 31 December 2020. net liability calculated by deducting cash and cash equivalents from financial liabilities. The debt-to-equity ratio found by dividing the total paid-in capital is as follows:

	31.12.2021	31.12.2020
Total financial liabilities	25.010.150	19.046.625
Less: cash and cash equivalents	(6.277.009)	(3.024.358)
Net financial debt	**18.733.141**	**16.022.267**
Total equity	--	--
Less: revaluation of tangible fixed assets	(3.815.732)	(1.357.149)
Total financing used	**14.917.409**	**14.665.118**
Net financial debt / Total financing used	**%126**	**%109**

(Currency – Thousand Turkish Liras "TRY" unless otherwise expressed)

34. The Nature and Level of Risks Arising from Financial Instruments (Continued)

b) Financial Risk Factors

The main risks posed by the Group's financial instruments are interest rate risk, liquidity risk, foreign currency risk and credit risk. The company management and board of directors examine and accept the policies regarding the management of the following risks. The Company also considers the market value risk of all its financial instruments.

b.2) Liquidity risk

Liquidity risk is the risk that a company will not be able to meet its funding needs. Group. aims to ensure the continuity and variability of cash inflows through long-term bank loans.

Prudent liquidity risk management implies maintaining sufficient cash, securing availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The risk is mitigated by matching the cash in and out flow volume supported by committed lending limits from qualified credit institutions.

b.3) Market risk

The Group's activities are primarily as detailed below. It is exposed to financial risks related to changes in foreign exchange rates and interest rates.

Market risks are also evaluated with sensitivity analysis.

b.3.1) Foreign currency risk

The Group is exposed to foreign currency risk arising from the translation of foreign currency denominated assets and liabilities to TRY. The Group is also exposed to foreign currency risk due to the transactions made in foreign currency. This risk occurs due to purchases, sales and bank borrowings of the Group which are denominated in currencies other than the functional currency.

The table below summarizes the foreign monetary position risk of the Group.

	31.12.2021	**31.12.2020**
Foreign currency assets	7.717.969	1.937.684
Foreign currency liabilities	(20.947.038)	(13.304.602)
Net foreign currency position	**(13.229.069)**	**(11.366.918)**

(Currency – Thousand Turkish Liras "TRY" unless otherwise expressed)

34. The Nature and Level of Risks Arising from Financial Instruments (Continued)

Group's foreign currency position in terms of the original currency is as follows:
:

31.12.2021	USD	EUR	GBP	RUB	DZD	AED	MAD	GEL	Other Currencies TRY Equivalent	TRY Equivalent
1. Trade receivables	124.680	126.012	--	--	4.695	27	3	1	10.979	3.479.702
2a. Monetary financial assets, (cash and banks)	58.454	65.804	15	278	295.368	159.257	1.221	5.807	47.436	2.385.709
2b. Non-monetary financial assets	13.668	1.925	--	--	63.263	29.299	29	10	21.283	335.855
3. Other	42.037	32.539	--	--	146.237	93.067	--	293	22.734	1.387.898
4. Current assets (1+2+3)	238.840	226.280	15	278	509.563	281.650	1.253	6.111	102.432	7.589.163
5. Trade receivables	--	--	--	--	--	--	--	--	--	--
6a. Monetary financial assets	--	--	--	--	--	--	--	--	--	--
6b. Non-monetary financial assets	52	--	--	--	3.209	--	2.158	--	--	4.005
7. Other	7.034	--	--	--	--	--	--	7.988	--	124.801
8. Non-current assets (5+6+7)	7.086	--	--	--	3.209	--	2.158	7.988	--	128.806
9. Total assets (4+8)	245.926	226.280	15	278	512.772	281.650	3.411	14.099	102.432	7.717.969
10. Trade payables	14.461	54.373	26	--	7.807.242	175.649	85	678	--	2.335.793
11. Financial liabilities	56.146	371.467	--	--	--	38.192	--	--	--	6.316.808
12a. Other monetary liabilities	75.548	5.004	--	--	214.808	--	856.209	--	--	2.276.329
12b. Other non-monetary liabilities	6.418	143.356	--	--	421.517	--	--	7	--	2.227.489
13. Current liabilities (10+11+12)	152.573	574.199	26	--	8.443.567	213.841	856.294	685	--	13.156.420
14. Trade payables	1.505	120.439	--	--	--	--	--	--	--	1.787.857
15. Financial liabilities	177.082	198.093	--	--	--	91.677	--	36.015	--	5.679.783
16a. Other monetary liabilities	10.996	--	--	--	--	--	--	--	--	142.705
16b. Other non-monetary liabilities	--	--	--	--	11.681	17.498	--	28.047	--	180.273
17. Non-current liabilities (14+15+16)	189.583	318.532	--	--	11.681	109.175	--	64.062	--	7.790.618
18. Total liabilities (13+17)	342.156	892.731	26	--	8.455.248	323.016	856.294	64.747	--	20.947.038
19. Net assets of off-balance sheet derivative items	--	365.033	--	--	--	--	--	--	--	5.359.524
19a. Total amount of assets hedged	--	365.033	--	--	--	--	--	--	--	5.359.524
19b. Total amount of liabilities hedged	--	--	--	--	--	--	--	--	--	--
20. Net foreign assets / (liability) position	(96.231)	(301.418)	(10)	278	(7.942.476)	(41.366)	(852.883)	(50.648)	102.432	(7.869.545)
21.Net foreign currency asset / (liability) position(=1+2a+5+6a-10-11-12a-14-15-16a)	(152.603)	(557.560)	(10)	278	(7.721.987)	(146.234)	(855.070)	(30.885)	58.415	(12.673.865)

(Currency – Thousand Turkish Liras "TRY" unless otherwise expressed)

34. The Nature and Level of Risks Arising from Financial Instruments (Continued)

31.12.2020	USD	EUR	GBP	RUB	DZD	AED	MAD	GEL	CHF	Other Currencies TRY Equivalent	TRY Equivalent
1. Trade receivables	10.462	13.525	49	--	5.134.102	76.401	3.067	417	--	7.378	648.383
2a. Monetary financial assets, (cash and banks)	18.744	5.013	121	274	395.093	168.114	92	1.099	--	5.450	550.209
2b. Non-monetary financial assets	597	35	--	--	63.203	14.190	29	130.061	--	--	328.404
3. Other	27.546	1.045	11	--	1.530.676	14	--	311	--	--	297.599
4. Current assets (1+2+3)	*57.348*	*19.618*	*181*	*274*	*7.123.074*	*258.719*	*3.188*	*131.888*	--	*12.829*	*1.824.596*
5. Trade receivables	--	--	--	--	--	--	2.158	--	--	--	1.778
6a. Monetary financial assets	63	60	--	--	--	--	--	--	--	--	998
6b. Non-monetary financial assets	--	--	--	--	3.209	--	--	--	--	--	179
7. Other	9.038	33	--	--	--	--	--	19.388	--	--	110.133
8. Non-current assets (5+6+7)	*9.100*	*93*	--	--	*3.209*	--	*2.158*	*19.388*	--	--	*113.088*
9. Total assets (4+8)	*66.449*	*19.711*	*181*	*274*	*7.126.283*	*258.719*	*5.346*	*151.276*	--	*12.829*	*1.937.684*
10. Trade payables	59.015	90.721	54	--	6.964.918	181.067	121	494	6	5.443	2.007.277
11. Financial liabilities	462.059	41.947	--	--	--	73.953	--	--	--	--	3.917.513
12a. Other monetary liabilities	104	--	--	--	--	--	855.740	--	--	--	705.913
12b. Other non-monetary liabilities	21.448	2.652	--	--	837.754	--	--	9	--	56	228.010
13. Current liabilities (10+11+12)	*542.627*	*135.320*	*54*	--	*7.802.672*	*255.020*	*855.861*	*503*	*6*	*5.499*	*6.858.714*
14. Trade payables	--	89.700	--	--	--	--	--	--	--	--	808.009
15. Financial liabilities	479.914	128.364	--	--	--	99.980	--	21.458	--	--	4.927.213
16a. Other monetary liabilities	--	--	--	--	--	--	--	--	--	--	--
16b. Other non-monetary liabilities	158	63.432	--	--	1.259	23.174	--	40.874	--	--	710.667
17. Non-current liabilities (14+15+16)	*480.072*	*281.496*	--	--	*1.259*	*123.154*	--	*62.332*	--	--	*6.445.888*
18. Total liabilities (13+17)	*1.022.699*	*416.816*	*54*	--	*7.803.931*	*378.173*	*855.861*	*62.835*	*6*	*5.499*	*13.304.602*
19. Net assets of off-balance sheet derivative items	--	468.971	--	--	--	--	--	--	--	3.827	4.228.271
19a. Total amount of assets hedged	--	468.971	--	--	--	--	--	--	--	3.827	4.228.271
19b. Total amount of liabilities hedged	--	--	--	--	--	--	--	--	--	--	--
20. Net foreign assets / (liability) position	*(956.250)*	*71.866*	*127*	*274*	*(677.648)*	*(119.454)*	*(850.515)*	*88.441*	*(6)*	*11.157*	*(7.138.647)*
21.Net foreign currency asset / (liability) position(=1+2a+5+6a-10-11-12a-14-15-16a)	*(971.824)*	*(332.134)*	*116*	*274*	*(1.435.723)*	*(110.484)*	*(850.544)*	*(20.436)*	*(6)*	*7.386*	*(11.164.557)*

(Currency – Thousand Turkish Liras "TRY" unless otherwise expressed)

34. The Nature and Level of Risks Arising from Financial Instruments (Continued)

b) Financial Risk Factors (Continued)

b.3) Market risk (Continued)

b.3.1) Foreign currency risk (Continued)

The table below presents the Group's sensitivity to a 10% deviation in foreign exchange rates (especially USD, EUR and AED). 10% is the rate used by the Group when generating its report on exchange rate risk; the related rate stands for the presumed possible change in the foreign currency rates by the Group's management. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. This analysis includes foreign currency denominated bank loans other than the functional currency of the ultimate user or borrower of the bank loans. The positive amount indicates increase in profit / loss before tax or equity.

Foreign currency sensitivity analysis table

	31.12.2021			
	Profit/(Loss)		**Equity**	
	Foreign currency appreciation	**Foreign currency depreciation**	**Foreign currency appreciation**	**Foreign currency depreciation**
Change of USD against TRY by 10%				
1- USD net assets / liabilities	(137.372)	137.372	(137.372)	137.372
2- Hedged portion of USD risk (-)	--	--	--	--
3- USD net effect (1+2)	(137.372)	137.372	(137.372)	137.372
Change of EUR against TRY by 10%				
4- Net EUR assets/liabilities	171.037	(171.037)	171.037	(171.037)
5- Hedged portion of EUR risk (-)	--	--	--	--
6- EUR net effect (4+5)	171.037	(171.037)	171.037	(171.037)
Change of other currencies against TRY by 10%				
7- Net AED assets/liabilities	8	(8)	8	(8)
8- Hedged portion of AED risk (-)	--	--	--	--
9- AED net effect (7+8)	8	(8)	8	(8)
Total (3+6+9)	**33.673**	**(33.673)**	**33.673**	**(33.673)**

(Currency – Thousand Turkish Liras "TRY" unless otherwise expressed)

34. The Nature and Level of Risks Arising from Financial Instruments (Continued)

b) Financial Risk Factors (Continued)

b.3) Market risk (Continued)

b.3.1) Foreign currency risk (Continued)

Foreign currency sensitivity analysis table

	31.12.2020			
	Profit/(Loss)		**Equity**	
	Foreign currency appreciation	**Foreign currency depreciation**	**Foreign currency appreciation**	**Foreign currency depreciation**
Change of USD against TRY by 10%				
1- USD net assets / liabilities	(754.975)	754.975	(754.975)	754.975
2- Hedged portion of USD risk (-)	--	--	--	--
3- USD net effect (1+2)	(754.975)	754.975	(754.975)	754.975
Change of EUR against TRY by 10%				
4- Net EUR assets/liabilities	(17.134)	17.134	(17.134)	17.134
5- Hedged portion of EUR risk (-)	--	--	--	--
6- EUR net effect (4+5)	(17.134)	17.134	(17.134)	17.134
Change of other currencies against TRY by 10%				
7- Net AED assets/liabilities	(28)	28	(28)	28
8- Hedged portion of AED risk (-)	--	--	--	--
9- AED net effect (7+8)	(28)	28	(28)	28
Total (3+6+9)	**(772.137)**	**772.137**	**(772.137)**	**772.137**

b.3.2) Interest rate risk management

Borrowing of the Group at fixed and variable interest rates. It exposes the Group to interest rate risk. Interest rates of financial assets and liabilities are stated in the related notes.

35. Financial Instruments (fair value explanations and disclosures within the framework of hedge accounting)

Fair value of financial instruments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The estimated fair values of financial instruments have been determined by the Group using available market information and appropriate valuation methods. However, estimates are necessary in interpreting market data to determine fair value. Accordingly, the estimates presented here may not represent the amounts that the Group could realize in a current market transaction.

The following methods and assumptions were used to estimate the fair value of the financial instruments for which it is practicable to estimate fair value:

Monetary assets

It is assumed that the carrying values of financial assets shown at cost, including cash and cash equivalents, are equal to their fair values due to their short-term nature. It is anticipated that the carrying values of trade receivables, together with the related impairment provisions, reflect the fair value.

(Currency – Thousand Turkish Liras "TRY" unless otherwise expressed)

35. Financial Instruments (fair value explanations and disclosures within the framework of hedge accounting) (Continued)

Fair value of financial instruments (continued)

Monetary liabilities

The fair values of short-term bank loans and other monetary liabilities are considered to be close to their book values due to their short-term nature.

Due to the fact that long-term financial liabilities mostly have variable interest rates and are repriced in the short term, it is anticipated that the carrying values of the borrowings are close to their fair values as of the reporting date.

First level: Valuation techniques that use active market (unadjusted) market prices for identical assets and liabilities.

Second level: Valuation techniques that include inputs used to find the directly or indirectly observable market price of the relevant asset or liability other than the market price specified at the first level.

Third level: Valuation techniques that include inputs that are not based on market observable data used to determine the fair value of the asset or liability.

36. Events After the Reporting Date

None.

37. Restated Consolidated Financial Statements

ASSETS	Revised Past period 31 December 2020	Audited Past period 31 December 2020	Effect of Restatement
Current Assets			
Trade Receivables			--
- *Trade receivables from third parties*	2.016.274	2.016.716	(442)
Prepaid Expenses	322.045	323.025	(980)
Other Current Assets	447.747	447.305	442
Discontinued activities	--	186.435	(186.435)
			-
			-
Non-current assets			--
Affiliates	2.996	4.803	(1.807)
Property, Plant and Equipment	3.926.135	3.936.108	(9.973)
Intangible Assets			
- *Other Intangible Assets*	493.584	489.296	4.288
Deferred Tax Assets	1.080.445	1.085.303	(4.858)
			-

(Currency – Thousand Turkish Liras "TRY" unless otherwise expressed)

37. Restated Consolidated Financial Statements (Continued)

LIABILITIES	Revised Past period 31 December 2020	Audited Past period 31 December 2020	Effect of Restatement
Current Liabilities			
Short-Term Borrowings	7.685.344	6.701.358	983.986
Issuance of debt securities	--	972.790	(972.790)
Derivative Instruments	1.316.327	81.844	1.234.483
Deferred Income	--	1.234.483	(1.234.483)
Short-Term Provisions			
- *Other Short-Term Provisions*	365.029	365.032	(3)
Total current liabilities before discontinued operations	***14.946.425***	***14.935.232***	***11.193***
Non-Current Liabilities			
Long-Term Borrowings	7.833.656	6.951.639	882.017
Issuance of debt securities	--	893.214	(893.214)
Advances received	817.938	817.480	458
Deferred Income	--	459	(459)
Deferred Tax Liabilities	1.018.869	1.018.872	(3)

EQUITY	Revised Past period 31 December 2020	Audited Past period 31 December 2020	Effect of Restatement
Share Capital	776.000	713.216	62.784
Capital adjustment differences	(62.784)	--	(62.784)
- *Currency Translation Reserves*	982.479	987.027	(4.548)
- *Revaluation and classification gains / (losses)*	980.264	961.393	18.871
Restricted Profit Reserves	485.749	504.619	(18.870)
Prior Years' Profits	(616.713)	(446.406)	(170.307)
Profit for the Period	296.350	321.137	(24.787)
Non-Controlling Interests	588.358	588.474	(116)

(Currency – Thousand Turkish Liras "TRY" unless otherwise expressed)

37. Restated Consolidated Financial Statements (Continued)

	Revised Past period 31 December 2020	Audited Past period 31 December 2020	Effect of Restatement
Cost of sales (-)	(6.326.451)	(6.327.570)	1.119
General administrative expenses (-)	(337.821)	(336.899)	(922)
Marketing expenses (-)	(129.635)	(129.634)	(1)
Research and development expenses (-)	(72.885)	(67.581)	(5.304)
Other operating income	160.851	162.616	(1.765)
Other operating expense (-)	(131.975)	(119.033)	(12.942)
Income from investing activities	75.251	75.041	210
Financial expenses (-)	(4.315.859)	(4.315.200)	(659)
Deferred tax income /(expense)	(265.988)	(260.737)	(5.251)
Period loss from discontinued operations	--	(689)	689
Distribution of Profit for the Period			
Non-controlling interests	30.912	30.951	(39)
Parent company shares	296.350	321.137	(24.787)

38. Fees to auditors

AS Bağımsız Denetim ve Yeminli Mali Müşavirlik Anonim Şirketi ("AS NEXIA") is appointed auditor for the period until the 2021 Annual General Meeting.

	Group		Parent Company	
	2020	**2021**	**2020**	**2021**
("AS NEXIA")				
Audit fees (1)	355	400	170	190
Audit-related fees (2)	10	10	5	5
Tax fees (3)	--	--	--	--
All other fees (4)	--	--	--	--
Total fees to ("AS NEXIA")	**365**	**410**	**175**	**195**
Audit networks fees ("NEXIA International) (5)	--	--	--	--
Audit fees to other audit firms	3.845	4.632	54	64
Total fees to auditors	**4.210**	**5.042**	**229**	**259**

1) Audit fees consist of fees for the annual audit-services engagement and other audit services, which are those services that only the external auditors reasonably.
2) Audit-related fees consist of fees for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements or that are traditionally performed by the external auditors, and include consultations concerning financial accounting and reporting standards; internal control reviews etc.
3) Tax fees include fees for tax attestation services, VAT refund, tax consultations, tax advice related to mergers and acquisitions, transfer pricing, requests for rulings of technical advice from tax authorities, etc.
4) All other fees include fees for financial advisory and other services.
5) Audit networks fees include fees for audit and assurance services, tax consultancy and other financial services. These services are provided by audit companies within the ("NEXIA International) network but except ("AS NEXIA").