NURUL HOLDİNG A.Ş. AND ITS SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2022, TOGETHER WITH THE
INDEPENDENT AUDITORS'
REPORT

As Bağımsız Denetim ve YMM A.Ş.
is a member of Nexia International.
A worldwide network of independent
accounting and consulting firms

REF: 2022-130323-SPK-025

Nurol Holding A. Ş. and Its Subsidiaries
Consolidated Financial Statements A.Ş. of January 2022-31 December 2022
Together With The Independent 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 2022 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 2022 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., and Tümad Madencilik Sanayi ve Ticaret A.Ş. have been audited by another audit firm for the accounting period of 01 January - 31 December 2022.

The Group has restated its consolidated financial statements for the years ended 31 December 2021 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.

AS Nexia

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 2022, the consolidated revenue of the Group is thousand TL 26.799.269 (31 December 2021: thousand TL 12.265.328) 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.	During our audit, regarding the recognition of revenue in financial statements, the following audit procedures we have been applied: - 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.	The following audit procedures we have been applied: - 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 TL 24.167.426 (31.12.2021: thousand TL 19.224.676), constituting 30,55 % 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.

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, 2022, 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, 13 March, 2023

Nurol Holding A.Ş. and its Subsidiaries

Table of Contents

(All amounts in thousands TL unless otherwise indicated)

ASSETS	Notes	Audited Current Period 31 December 2022 TL	Audited Current Period 31 December 2022 USD	Restated Prior Period 31 December 2021 TL	Restated Prior Period 31 December 2021 USD
Current Assets					
Cash and cash equivalents	6	9.416.594	503.607	6.277.009	483.684
- Group Companies		3.977.741	212.733	3.444.539	265.424
- Nurol Bank		5.438.853	290.874	2.832.470	218.260
Financial investments	8	13.401	717	12.924	996
Trade receivables					
- Due from related parties	5	31.526	1.686	11.911	918
- Other trade receivables	7	2.676.308	143.131	2.056.610	158.475
Other receivables					
- Due from related parties	5	676.366	36.173	170.175	13.113
- Other receivables	12	495.118	26.479	133.575	10.293
Receivables from financial sector activities	9	9.021.833	482.495	2.568.118	197.890
Derivate financial instruments		188.201	10.065	160.672	12.381
Inventories	13	4.558.429	243.788	3.059.047	235.719
Receivables from ongoing construction works and projects	15	8.583.807	459.069	5.282.506	407.051
Prepaid expenses	14	1.017.963	54.441	565.058	43.541
Current income tax asset	32	406.562	21.743	302.189	23.286
Other current assets	25	1.274.888	68.182	829.522	63.920
Total Current Assets		**38.360.996**	**2.051.577**	**21.429.316**	**1.651.267**
Non Current Assets					
Trade receivables					
- Due from related parties	5	7.119	381	8.812	679
- Other trade receivables	7	--	--	638	49
Other receivables					
- Due from related parties	5	94.142	5.035	56.463	4.351
- Other receivables	12	592.051	31.663	29.347	2.261
Receivables from financial sector activities	9	1.392.642	74.480	776.171	59.809
Derivate financial instruments		932.911	49.893	208.390	16.058
Investments	16	6.438	344	3.118	240
Investments recognized using the equity method	17	17.560.784	939.165	10.404.130	801.705
Receivables from ongoing construction works and projects	15	1.985.165	106.168	1.594.347	122.855
Investment properties	20	4.938.641	264.122	3.145.001	242.343
Property, plant and equipment	19	11.030.520	589.921	7.620.700	587.224
Intangible assets					
- Goodwill	18	73.537	3.933	73.537	5.666
- Other intangible assets	22	1.076.301	57.561	823.490	63.455
Prepaid taxes and funds	32	190.953	10.212	266.650	20.547
Prepaid expenses	14	12.889	689	26.699	2.057
Deferred tax assets	32	852.532	45.594	1.947.063	150.034
Total Non Current Assets		**40.746.625**	**2.179.162**	**26.984.556**	**2.079.334**
TOTAL ASSETS		**79.107.621**	**4.230.739**	**48.413.872**	**3.730.601**

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

(All amounts in thousands TL unless otherwise indicated)

LIABILITIES	Notes	Audited Current Period 31 December 2022 TL	Audited Current Period 31 December 2022 USD	Restated Prior Period 31 December 2021 TL	Restated Prior Period 31 December 2021 USD
Current Liabilities					
Financial liabilities	10	14.898.012	796.758	11.694.927	901.169
- Group Companies		12.054.712	644.696	10.179.373	784.386
- Nurol Bank		2.843.300	152.062	1.515.554	116.783
Funds borrowed	11	9.163.263	490.059	2.079.179	160.214
Trade payables					
- Due to related parties	5	54.229	2.900	2.100	162
- Other trade payables	7	7.551.006	403.834	4.958.734	382.102
Liabilities for employee benefits	23	104.481	5.588	47.636	3.671
Other payables					
- Due to related parties	5	115	6	871	67
- Other payables	12	486.528	26.020	161.669	12.458
Derivative financial instruments		134.140	7.174	158.778	12.235
Deferred income	14	2.499.294	133.664	2.282.294	175.865
Current income tax liabilities	32	389.124	20.811	201.589	15.534
Deferred contract revenue	15	292.221	15.628	312.328	24.067
Short term provisions					
- Provisions for employee benefits	24	126.700	6.776	48.063	3.704
- Other short term provisions	23	881.479	47.142	636.859	49.074
Other current liabilities	25	1.687.366	90.242	458.959	35.366
Total Current Liabilities		**38.267.958**	**2.046.601**	**23.043.986**	**1.775.688**
Non Current Liabilities					
Financial liabilities	10	14.555.804	778.456	11.236.044	865.810
- Group Companies		14.462.019	773.440	11.169.280	860.665
- Nurol Bank		93.785	5.016	66.764	5.145
Trade payables					
- Due to related parties	5	--	--	--	--
- Other trade payables	7	2.017.570	107.901	1.030.632	79.417
Other payables					
- Due to related parties	5	--	--	10.914	841
- Other payables	12	1.349.604	72.178	1.118.023	86.151
Derivative financial instruments		174.571	9.336	38.169	2.941
Deferred income	14	1.510.476	80.781	1.172.541	90.352
Long term provisions					
- Provisions for employee benefits	24	240.432	12.858	127.959	9.860
- Other long term provisions	23	312.934	16.736	130.537	10.059
Other non current liabilities	25	2.550	136	1.091	84
Deferred tax liabilities	32	711.447	38.049	2.228.442	171.716
Total Non Current Liabilities		**20.875.388**	**1.116.432**	**17.094.352**	**1.317.230**
EQUITY					
Equity Attributable to Owners of the Parent					
Share capital	26	776.000	41.501	776.000	59.796
Share capital adjustment differences	26	(62.784)	(3.358)	(62.784)	(4.838)
Other comprehensive income/expense not to be reclassified to profit					
- Actuarial gain / (loss)	26	(49.479)	(2.646)	(3.962)	(305)
- Revaluation and reclassification gains / (loss)	26	1.251.273	66.919	1.191.769	91.833
Other comprehensive income/expense to be reclassified to profit					
- Change in fair value of available-for-sale financial assets	26	63.608	3.402	5.221	402
- Hedge accounting from cash flow risk	26	(181.545)	(9.709)	5.778	445
- Currency translation differences	26	4.403.752	235.516	3.571.018	275.170
Restricted reserves	26	572.005	30.591	504.480	38.873
Prior years' profit/(loss)	26	2.583.806	138.184	(839.524)	(64.691)
Net profit for the period		9.624.579	581.503	2.445.189	276.115
Translation difference		--	(66.773)		(87.697)
Non Controlling Interests		983.060	52.575	682.349	52.579
Total Equity		**19.964.275**	**1.067.706**	**8.275.534**	**637.683**
TOTAL LIABILITIES AND EQUITY		**79.107.621**	**4.230.739**	**48.413.872**	**3.730.601**

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

(All amounts in thousands TL unless otherwise indicated)

	Notes	Audited Current Period 1 January - 31 December 2022 TL	Audited Current Period 1 January - 31 December 2022 USD	Restated Prior Period 1 January - 31 December 2021 TL	Restated Prior Period 1 January - 31 December 2021 USD
Sales income	27	24.134.195	1.458.154	11.555.248	1.304.837
Income of financial sector activities	27	2.665.074	161.020	710.080	80.183
		26.799.269	1.619.174	12.265.328	1.385.021
Cost of sales (-)	27	(15.107.160)	(912.753)	(7.682.844)	(867.559)
Cost of financial sector activities	27	(961.673)	(58.103)	(337.704)	(38.134)
		(16.068.833)	(970.856)	(8.020.548)	(905.693)
Gross profit		**10.730.436**	**648.318**	**4.244.780**	**479.327**
General administrative expenses (-)	28	(1.057.008)	(63.863)	(510.466)	(57.643)
Marketing, selling and distribution expenses (-)	28	(560.012)	(33.835)	(193.052)	(21.800)
Research and development expenses (-)	28	(279.852)	(16.908)	(126.063)	(14.235)
Income from other operating activities	29	328.709	19.860	104.686	11.821
Expenses from other operating activities (-)	29	(479.140)	(28.949)	(632.026)	(71.369)
Operating profit		**8.683.133**	**524.623**	**2.887.859**	**326.102**
Shares from profit / loss from investments revalued with the equity method	17	7.155.811	432.344	5.514.162	622.668
Income from investing activities	30	2.500.381	151.069	272.408	30.761
Expenses from investing activities (-)	30	(128.819)	(7.783)	(73.045)	(8.248)
Operating profit before financial income / (expenses)		**18.210.506**	**1.100.253**	**8.601.384**	**971.282**
Financial income	31	2.573.366	155.479	2.377.586	268.481
Financial expenses (-)	31	(10.807.558)	(652.977)	(8.377.328)	(945.981)
Profit / (loss) before tax from continued operations		**9.976.314**	**602.755**	**2.601.642**	**293.782**
Tax expenses from continued operations					
Tax	32	(621.652)	(37.559)	(155.701)	(17.582)
Deferred tax charge	32	593.255	35.844	(159.640)	(18.027)
Profit /(loss) from continued operations		**9.947.917**	**601.039**	**2.286.301**	**258.173**
PROFIT FOR THE PERIOD		**9.947.917**	**601.039**	**2.286.301**	**258.173**
Distribution of profit					
Non controlling interest	33	323.338	19.536	(158.888)	(17.942)
Equity holders of the parent	33	9.624.579	581.503	2.445.189	276.115
EBITDA		**9.828.049**	**593.797**	**3.723.348**	**420.446**
Group Companies		8.382.950	506.486	3.475.881	392.502
Nurol Bank		1.445.099	87.311	247.467	27.944

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

(All amounts in thousands TL unless otherwise indicated)

Other Comprehensive Income	Audited Current Period 1 January - 31 December 2022	Restated Prior Period 1 January - 31 December 2021
	TL	TL
Profit for the Period	**9.947.917**	**2.286.301**
Other Comprehensive Income / (Expense):		
Items not to be reclassified to profit or loss	**72.374**	**(84.855)**
Revaluation of property, plant and equipment	59.504	34.486
Change in fair value of available-for-sale financial assets	58.387	(113.552)
Actuarial gains / loss on defined benefit plans	(45.517)	(5.789)
Items to be reclassified to profit or loss	**645.411**	**2.387.522**
Currency translation differences	832.734	2.343.520
Hedge accounting from cash flow risk	(187.323)	44.002
Other Comprehensive Income / (Expense):	**717.785**	**2.302.667**
Total Comprehensive Income / (Expense):	**10.665.702**	**4.588.968**
Distribution of Total Comprehensive Income	**10.665.702**	**4.588.968**
- Non controlling interest	323.338	(158.888)
- Equity holders of the parent	10.342.364	4.747.856

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 2022 AND 31 DECEMBER 2021
(All amounts in thousands TL 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 2021	**776.000**	**(62.784)**	**2.699**	**980.264**	**1.226.626**	**118.773**	**452.823**	**(38.224)**	**(750.008)**	**310.272**	**3.016.441**	**588.355**	**3.604.796**
Transfers to general reserves	--	--	--	--	--	--	32.421	--	277.851	(310.272)	--	--	--
Foreign currency translation differences	--	--	(872)	--	2.344.392	--	--	--	--	--	2.343.520	--	2.343.520
Change in fair value of available-for-sale financial assets	--	--	--	--	--	(113.552)	--	--	--	--	(113.552)	--	(113.552)
Realized gain on derivative financial instruments	--	--	--	--	--	--	--	44.002	--	--	44.002	--	44.002
Prior period loss' adjustment	--	--	--	--	--	--	--	--	10.095	--	10.095	--	10.095
Minority interest	--	--	--	--	--	--	--	--	(201.411)	--	(201.411)	252.882	51.471
Tübitak incentive fund	--	--	--	--	--	--	507	--	--	--	507	--	507
Effect of changes in IAS 19 "Employee Termination Benefits" standard	--	--	(5.789)	--	--	--	--	--	--	--	(5.789)	--	(5.789)
Revaluation of property, plant and equipment's (Nurol Dubai LLC)	--	--	--	24.851	--	--	--	--	--	--	24.851	--	24.851
Revaluation of property, plant and equipment's (Nurol GYO)	--	--	--	740	--	--	--	--	--	--	740	--	740
Revaluation of Nurol Göksu HEPP	--	--	--	8.895	--	--	--	--	--	--	8.895	--	8.895
Cash flows from sales of repurchased shares	--	--	--	2.219	--	--	--	--	3.492	--	5.711	--	5.711
Share premium	--	--	--	174.800	--	--	--	--	--	--	174.800	--	174.800
Dividends paid	--	--	--	--	--	--	18.729	--	(179.543)	--	(160.814)	--	(160.814)
Net profit for the period	--	--	--	--	--	--	--	--	--	2.445.189	2.445.189	(158.888)	2.286.301
Balance at 31 December 2021	**776.000**	**(62.784)**	**(3.962)**	**1.191.769**	**3.571.018**	**5.221**	**504.480**	**5.778**	**(839.524)**	**2.445.189**	**7.593.185**	**682.349**	**8.275.534**
Transfers to general reserves	--	--	--	--	--	--	(93.871)	--	2.539.060	(2.445.189)	--	--	--
Foreign currency translation differences	--	--	--	--	1.622.935	--	--	--	(98.087)	--	1.524.848	--	1.524.848
Realized gain on derivative financial instruments	--	--	--	--	--	--	--	(187.323)	--	--	(187.323)	--	(187.323)
Effect of changes in IAS 19 "Employee Termination Benefits" standard	--	--	(46.108)	--	--	--	--	--	--	--	(46.108)	--	(46.108)
Tübitak incentive fund	--	--	--	--	--	--	523	--	(311)	--	212	--	212
Prior period loss' adjustment	--	--	--	--	--	--	--	--	47.943	--	47.943	--	47.943
Dividend paid	--	--	--	--	--	--	160.873	--	(171.529)	--	(10.656)	--	(10.656)
Revaluation of property, plant and equipments (Nurol Dubai LLC)	--	--	--	(152.767)	--	--	--	--	152.767	--	--	--	--
Revaluation of property, plant and equipments (Nurol GYO)	--	--	--	8.915	--	--	--	--	--	--	8.915	--	8.915
Revaluation of property, plant and equipments (Nurol Teknoloji)	--	--	--	235.816	--	--	--	--	--	--	235.816	--	235.816
Cancelled revaluation of investment properties (Nurol İnşaat)	--	--	--	(32.460)	--	--	--	--	--	--	(32.460)	--	(32.460)
Minority interest	--	--	--	--	--	--	--	--	32.954	--	32.954	(22.627)	10.327
Exclusion from consolidation	--	--	591	--	(790.201)	--	--	--	920.533	--	130.923	--	130.923
Change in fair value of available-for-sale financial assets	--	--	--	--	--	58.387	--	--	--	--	58.387	--	58.387
Net profit for the period	--	--	--	--	--	--	--	--	--	9.624.579	9.624.579	323.338	9.947.917
Balance at 31 December 2022	**776.000**	**(62.784)**	**(49.479)**	**1.251.273**	**4.403.752**	**63.608**	**572.005**	**(181.545)**	**2.583.806**	**9.624.579**	**18.981.215**	**983.060**	**19.964.275**

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 2022 AND 31 DECEMBER 2021
(All amounts in thousands TL unless otherwise indicated)

	Audited Current Period 1 January - 31 December 2022	Restated Prior Period 1 January - 31 December 2021
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit for the period	9.947.917	2.286.301
Adjustments to reconcile net cash generated		
Adjustments related to depreciation and amortization charge	1.105.124	1.033.444
Adjustments related to provision for employee termination benefits	66.956	69.739
Adjustments related to period profit from investments recognied using the equity method	(7.156.654)	(5.516.174)
Adjustments related to other provisions	392.578	339.353
Adjustments related to minority interest	32.954	(201.411)
Deferred tax asset / liability, (net)	28.397	315.341
Unrealized foreign exchange differences	2.488.766	2.489.781
Adjustments related to revaluation of investment properties	(2.000.450)	(149.155)
Adjustments related to interest income excluding finance sector	4.767.099	2.308.043
Adjustments related to changes in fair value of derivative financial instruments	(827.609)	(143.032)
Adjustment related to profit / (loss) on disposals of fixed assets	(188.529)	(12.000)
Adjustments related to dividend income	(103.601)	(27.177)
Other adjustments	134.657	186.520
Adjustments related to exclusion from consolidation	897.906	252.882
Changes in net working capital	***(1.757.464)***	***1.413.495***
Increases/decreases in inventories	(1.129.818)	(417.116)
Increases/decreases in trade receivables	(638.675)	14.693
Increases/decreases in other receivables	(1.468.117)	(36.913)
Changes in receivables from costs on ongoing contracts	(1.139.107)	1.031.590
Changes in liabilities for employee termination benefits	56.845	20.617
Increases / decreases in prepaid expenses	(439.095)	(254.004)
Increases / decreases in other current assets	(631.251)	(434.278)
Increases/decreases in trade payables	1.579.091	531.435
Increases/decreases in other receivables	544.770	(68)
Increase/decreases in deferred income	554.935	740.166
Taxes paid	(276.908)	(51.158)
Increase/decreases in other liabilities	1.229.866	268.531
Net Cash Flows Generated From / (Used in) Operating Activities	**7.828.047**	**4.645.950**
B. CASH FLOWS FROM FINANCING ACTIVITIES		
Cash flows generated from/used in financial liabilities	31.049	860.433
Cash flows arising from interest expense excluding finance sector	(4.848.739)	(2.451.478)
Cash flows arising from financial sector operations	(618.030)	1.008.001
Cash flows arising from dividends paid	(10.656)	(160.814)
Cash flows from Nurol Bank bill payments	(12.707.812)	(6.829.258)
Cash flows from Nurol Bank bill issuance	13.969.906	7.524.770
Net Cash Flows Generated From Financing Activities	**(4.184.282)**	**(48.346)**
C. CASH FLOWS FROM INVESTMENT ACTIVITIES		
Cash flows from acquisition of fixed assets	(1.269.582)	(1.166.345)
Cash flows from sales of fixed assets	583.746	96.234
Dividends received	103.601	27.177
Cash flows from currency protected time deposits	(477)	1.463
Investments	(3.320)	(122)
Tübitak incentive fund	212	507
Cash flows from sales of repurchased shares	--	3.492
Interest received	81.640	143.436
Net Cash Flows Used in Investment Activities	**(504.180)**	**(894.158)**
NET INCREASE IN CASH AND CASH EQUIVALENTS	3.139.585	3.703.446
D.CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	6.277.009	2.573.563
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**9.416.594**	**6.277.009**

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

(All amounts in thousands TL unless otherwise indicated)

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. and on 4 September 1996, the Company changed its corporate name to Nurol Holding A.Ş.

Nurol Holding A.Ş. has been carrying out its operations through companies structured within a variety of sectors, such as construction and contracting in particular, as well as defense, mining, real estate, investment, finance, tourism, energy, trade and services both in Turkey and abroad.

The Group is controlled by the "Çarmıklı" family members. The registered office address of the Company is Arjantin Caddesi, No:7, Gaziosmanpaşa Ankara.

The ownership structure of Nurol Holding as of 31 December 2022 and 2021 is as follows.

	Share Rate (%)	**31.12.2022**	**31.12.2021**
Nurettin Çarmıklı	33,31	258.455	258.455
Figen Çarmıklı	33,31	258.455	258.455
M. Oğuz Çarmıklı	33,31	258.455	258.455
Other	<1	635	635
	100	**776.000**	**776.000**
Capital adjustment		(62.784)	(62.784)
	100	**713.216**	**713.216**

Consolidated Subsidiaries

As of 31 December 2022 and 2021, the subsidiaries included in consolidation and the effective rate of ownership is as follows:

	Direct ownership rate (%)	
	31.12.2022	**31.12.2021**
Construction Group		
Nurol İnşaat ve Ticaret A.Ş.	99,95	99,89
Nurol Gayrimenkul Yatırım Ortaklığı A.Ş. (*)	55,58	70,75
Energy Group		
Nurol Enerji Üretim ve Pazarlama A.Ş.	99,96	99,96
Nurol Solar Enerji Üretim A.Ş.	99,70	99,70
Nurol Grup Elektrik Toptan Satış A.Ş. (**)	2,00	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
Manufacturing 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	99,98
Nurol Makina Sanayi A.Ş.	99,99	99,99
Nurol İleri Teknoloji Savunma Ürünleri Madencilik Sanayi Ticaret A.Ş.	70,00	70,00

(All amounts in thousands TL unless otherwise indicated)

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

Consolidated Subsidiaries (Continued)

	Direct ownership rate (%)	
	31.12.2022	**31.12.2021**
Service Group		
Nurol Kontrol ve Aviyonik Sistemleri A.Ş. (***)	100,00	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")***

Provided that the Company remains within the registered capital ceiling of TL 400.000.000, the issued capital of TL 310.200.000, each consisting of shares with a nominal value of TL 1, will have a total sales revenue of TL 170.000.000. 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. The sales price of the shares subject to the allocated capital increase has been determined as TL 6,76, which is the weighted average price of the share sales realized by the group companies in the period of 02-29.12.2021.

Since it is understood that the capital amount for increasing the paid-in capital to TL 335.348.000 by increasing the nominal capital amount increased by TL 25.148.000, with a total sales revenue of TL 170.000.480, has been fully paid by Nurol Holding Anonim Şirketi in cash and in full, the capital increase transactions are carried out under the Turkish Commercial Code. and in accordance with the procedures and principles set forth in the Capital Markets Law and the relevant Communiqués of the Capital Markets Board.

The new version of Article 7 of the Company's Articles of Association, which includes the capital increase amount, was registered by the Istanbul Trade Registry Office on 08.04.2022, and the registration was announced in the Turkish Trade Registry Gazette dated 08.04.2022 and numbered 10555.

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

As of 31 December 2022, the ownership rate of Nurol Holding is 2% and it is shown at cost in the accompanying consolidated financial statements.

(***) ***Nurol Kontrol ve Aviyonik Sistemleri A.Ş. ("Nurol CAS")***

Nurol Kontrol Aviyonik Sistemleri Anonim Şirketi was established under the name Nurol BAE Systems Hava Sistemleri A.Ş. in 2015 in which Nurol Holding held 51% and BAE Systems held 49% of the shares. The Company began its activities in 2016.

BAE Systems (Operations) Limited transferred all of its shares to Nurol Holding in 2022 as a result of a strategic decision. Following the decision taken at the General Assembly dated 21 November 2022, the Company's name was changed to Nurol Kontrol Aviyonik Sistemleri Anonim Şirketi.

(All amounts in thousands TL unless otherwise indicated)

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 30 March 2022, the paid-up capital of the Bank was increased to 750.000 thousand TL of which 290.000 thousand TL was covered by internal resources. The Ordinary General Assembly Decision was announced in the Turkish Trade Registry Gazette No. 10505 dated 7 April 2022.

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 2021: 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 2022 and 2021, 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 (%) (%)	
	31.12.2022	**31.12.2021**
Nurol - Cengiz Joint Venture (*)	--	50
Nurol - Cengiz Hasankeyf Joint Venture (**)	--	50
Gama - Nurol Joint Venture	50	50
NÖMAYG (***)	--	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

(*) The construction of Ilısu Damn and Hydroelectric Power Plant Project which was undertaken by Nurol – Cengiz joint venture has been completed and its final acceptance has been made. As of 30 September 2022, the partnership was dissolved and has not been consolidated in the accompanying financial statements dated 31 December 2022.

(**) The construction of Hasankeyf Group Bridges Construction Works which was undertaken by Nurol - Cengiz Hasankeyf joint venture has been completed and its final acceptance has been made. As of 30 September 2022, the partnership was dissolved and has not been consolidated in the accompanying financial statements dated 31 December 2022.

(***) NÖMAYG signed the EPC Contract (Engineering, Procurement and Construction Contract) on 14 July 2011 for the design, construction and construction works of the Gebze-Orhangazi-İzmir Highway (Including the İzmit Gulf Crossing and Access Roads). A decision has been made to liquidate the business partnership as it has achieved its purpose within the scope of the contract. NÖMAYG joint venture and has not been consolidated in the accompanying financial statements dated 31 December 2022.

(All amounts in thousands TL unless otherwise indicated)

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

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.

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

As of 31 December 2022 and 2021, the breakdown of personnel employed within the Group is as follows:

	Number of Personnel	
	31.12.2022	**31.12.2021**
Nurol İnşaat ve Ticaret A.Ş.	8.187	9.368
FNSS Savunma Sistemleri A.Ş.	970	979
Tümad Madencilik Sanayi ve Ticaret A.Ş.	969	946
Nurol Makina Sanayi A.Ş.	622	552
Nurol Teknoloji Sanayi ve Madencilik Ticaret A.Ş.	434	344
Nurol Holding A.Ş.	130	129
Nurol Yatırım Bankası A.Ş.	92	72
Nurol Gayrimenkul Yatırım Ortaklığı A.Ş.	45	49
Nurol Kontrol ve Aviyonik Sistemleri A.Ş.	33	39
Enova Enerji Üretim A.Ş.	31	31
Nurol Göksu Elektrik Üretim A.Ş.	19	18
Nurol İşletme ve Gayrimenkul Yönetim A.Ş.	19	18
Botim İşletme Yönetim ve Ticaret A.Ş.	17	19
Bosfor Turizm İşletmecilik A.Ş.	16	16
Nurol Havacılık A.Ş.	14	12
Nurol Sigorta Aracılık Hizmetleri A.Ş.	13	12
Turser Turizm Servis ve Ticaret A.Ş.	7	7
Nurol Solar Enerji Üretim A.Ş.	7	6
Enova Elektrik Enerjisi Toptan Satış A.Ş.	6	6
Nurol Enerji Üretim ve Pazarlama A.Ş.	3	3
	11.634	**12.626**

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.

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

Nurol Gayrimenkul Yatırım Ortaklığı Anonim Şirketi was established on 3 September 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 as of 31 December 2022, the Company has a 50,50% floatation rate. The Company has three completed projects open for sale in Istanbul, Nurol Tower, Nurol Life and Nurol Park..

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

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

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.

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

Nurol Solar Enerji Üretim ve Pazarlama A.Ş. 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 Göksu Elektrik Üretim A.Ş. ("Nurol Göksu")

Nurol Göksu was established in 2013 and the Company obtained the 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. The installed power of Göksu Power Plant has been increased from 10,8 MW to 11,2 MW and it produces an average of 60 million kWh of energy annually with a very high capacity utilization rate and regular flow regime.

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.

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 armored vehicles and weapon systems for the Turkish 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 armored 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 armored 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.

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

FNSS Savunma Sistemleri A.Ş. ("FNSS") (continued)

FNSS is a company of land defence systems that designs and manufactures efficient, reliable and innovative tracked and wheeled armored vehicles tailored to the needs. FNSS exports mainly to United Arab Emirates, Malaysia, Oman, Saudi Arabia and Philippines.

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

Tümad Madencilik Sanayi ve Ticaret A.Ş. 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 20.395 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.

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.

In Lapseki, an underground mine was commissioned in 2019 and ore production began. The capacity of the facility, where 1.1m tons/year of production is made by tank leaching, will be increased with the optimizations to be made.

The Company started the İvrindi Gold 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. In 2021, the Company received four mining licenses from TÜPRAG within the scope of the Doğancılar project in Çanakkale and Balıkesir, and Şahinli mining license from ESAN Eczacıbaşı, located next to the Lapseki Project in Çanakkale.

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 armor systems for air land and sea platforms.

In addition to the production of Alumina, Silicon Carbide and Boron Carbide Ceramics, Tungsten Carbide ceramics, which are used in civilian areas, are among the product range of Nurol Teknoloji ceramics. Nurol Teknoloji manufactures advanced technological ballistic ceramics and hybrid ballistic protective armor solutions, which are needed by all friendly and allied countries in the world, especially Turkish Security Forces, under one roof in three production facilities located in Ankara. Nurol Teknoloji has ISO 9001, ISO 14001 and OHSAS 18001 System Certificates along with "National Confidential" and "NATO Confidential" Facility Security, Production Permit certificates from the Ministry of National Defense within the scope of the relevant laws, and for two Ballistic Test Laboratories within its body. It also has 17025 TURKAK accreditation documents within the scope of international NIJ standards.

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.

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 30 years of experience in the defence industry; 4x4 segment Armored Combat Vehicle, Armored 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 Kontrol Aviyonik Sistemleri A.Ş. ("Nurol CAS")

Nurol Kontrol Aviyonik Sistemleri Anonim Şirketi was established under the name Nurol BAE Systems Hava Sistemleri A.Ş. in 2015 in which Nurol Holding held 51% and BAE Systems held 49% of the shares. The Company began its activities in 2016.

BAE Systems (Operations) Limited transferred all of its shares to Nurol Holding in 2022 as a result of a strategic decision. Following the decision taken at the General Assembly dated 21 November 2022, the Company's name was changed to Nurol Kontrol Avionik Sistemleri Anonim Şirketi.

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.

Nurol CAS currently has ongoing HUMS and Hürjet Control Panel Projects. The employer of the HUMS project is FNSS and the Hürjet Control Panel Projects is TUSAŞ.

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.

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 249 independent trading units.

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

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.

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., Bupa Acıbadem Sigorta A.Ş., Ak Sigorta A.Ş., Axa Sigorta A.Ş., Axa Hayat ve Emeklilik A.Ş., Chubb European Group SE, VHV Allgemeine Sigorta A.Ş., Eureko Sigorta A.Ş., Generali Sigorta A.Ş., Groupama Sigorta A.Ş., Gulf Sigorta A.Ş., Mapfre Sigorta A.Ş., Mapfre Yaşam Sigorta A.Ş., Ray Sigorta A.Ş., Türkiye Sigorta A.Ş. and Zurich Sigorta A.Ş

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. 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.

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 investment group for direct or indirect dominance in the bank's capital.

2. Basis of Presentation of the Consolidated Financial Statements

2.1 Basis of Presentation

The accompanying consolidated financial statements of the Group are prepared in accordance with the Communiqué Serial II, No:14.1, "Communiqué on the Principles of Financial Reporting In Capital Markets" ("the Communiqué") announced by the Capital Markets Board of Turkey ("CMB") and published in the Official Gazette numbered 28676 on 13 June 2013. According to Article 5 of the Communiqué, financial statements are prepared in accordance with the Turkish Accounting Standards ("TAS") issued by Public Oversight Accounting and Auditing Standards Authority ("POA"). TAS contains Turkish Accounting Standards, Turkish Financial Reporting Standards ("TFRS") and its addendum and interpretations. TFRS's are updated in harmony with the changes and updates in International Financial and Accounting Standards ("IFRS") by the communiqués announced by the POA.

The consolidated financial statements are presented in accordance with "Announcement regarding with TAS Taxonomy" which was published on 15 April 2019 by POA and the format and mandatory information recommended by CMB.

Public Oversight Authority made a statement on 20 January 2022, in order to eliminate the hesitations about whether the companies that apply Turkish Financial Reporting Standards (TFRS) will apply TAS 29 Financial Reporting in High Inflation Economies in the 2021 financial reporting period. Accordingly, it has been stated that businesses applying TFRS do not need to make any adjustments within the scope of TAS 29 Financial Reporting in High Inflation Economies ("TAS 29"), and no new explanation has been made by the POA about the application of TAS 29. As of the preparation date of these consolidated financial statements, no new disclosure has been made by POA within the scope of TAS 29, and no inflation adjustment has been made according to TAS 29 while preparing the solo financial statements dated 31 December 2022.

Functional and reporting presentation currency

The individual financial statements of each Group entity are prepared in the currency of the primary economic environment in which the entity operates ("functional currency"). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Turkish Lira ("TL"), which is the functional currency of the Group, and the presentation currency for the consolidated financial statements.

In order to prepare the accompanying TL consolidated financial statements and notes to the financial statements, the financial statements of subsidiaries operating abroad as required by Turkish Accounting Standards ("TAS") 21 ("Effects of Changes in Exchange Rates"), at each balance sheet date, monetary items denominated in foreign currencies are converted to Turkish Liras at the rates prevailing on the balance sheet date and non-monetary balance sheet items, income and expenses, and items that make up cash flows have been converted into Turkish Lira using the annual average exchange rate.

The functional and reporting currency of Nurol Havacılık was accepted as Turkish Lira on and prior to 31 December 2021. The functional currency of the company has been changed to USD within the scope of TAS 21 "Effects of Changes in Exchange Rates".

When Nurol Havacılık made an assessment within the framework of the principles specified in TMS 21; most of the operations of the Company has been carried out in US Dollars. Since most of the operations are largely based on US Dollars, the Company, by evaluating the economic environment and its activities, has determined the functional currency as USD in accordance with TAS 21 (Effects of Changes in Exchange Rates).

The financial statements of subsidiaries, joint ventures and affiliates operating in foreign countries have been translated as follows:

- Assets and liabilities are translated into TL using the foreign exchange rate on the balance sheet date,
- Income and expenses are converted into TL using the average exchange rates.

Translation gain/loss arising from this conversion has been included in the "foreign currency translation differences" account under equity and accounted as a separate component of the other comprehensive income.

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

2.1 Basis of Presentation (Continued)

Functional and reporting presentation currency (continued)

With the decision 11/367 taken on 17 March 2005, the CMB announced that, effective from 1 January 2005, the application of inflation accounting is no longer required for the companies operating in Turkey and preparing their financial statements in accordance with CMB Financial Reporting Standards. Accordingly, TAS 29, “Financial Reporting in Hyperinflationary Economies” issued by the TASB, has not been applied in the financial statements for the accounting year commencing from 1 January 2005. Therefore, non-monetary assets and liabilities and equity items including capital in the balance sheets of 31 December 2022 and 2021 are calculated by indexing the entries up to 31 December 2004 until 31 December 2004 and carrying the entries after this date from their nominal values.

Approval of consolidated financial statements

The consolidated financial statements of the Group as of 31 December 2022 were approved by the Board of Directors on 13 March 2023 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.

2.2 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.

2.3 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. The consolidate financial statements have been restated as of 31 December 2021.

2.4 Principles of Consolidation

The consolidated financial statements, parent company Nurol Holding 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:

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

2.4 Principles of Consolidation (Continued)

Subsidiaries (continued)

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.

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.

Interests in associates are accounted for using the equity method. These are entities in which the Group generally has between 20% and 50% of the voting rights or in which the Group has significant influence, but not control, over the company's operations. It is initially recorded at cost, which includes transaction costs. After initial recording, the consolidated financial statements include the Group's profit or loss and other comprehensive income from equity method investments until the date when significant influence ceases.

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.

(All amounts in thousands TL unless otherwise indicated)

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

2.4 Principles of Consolidation (Continued)

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.

2.5 New and Amended Turkish Financial Reporting Standards

a) *Amendments that are mandatorily effective from 2022*

Amendments to TFRS 3	*Reference to the Conceptual Framework*
Amendments to TAS 16	*Property, Plant and Equipment – Proceeds before Intended Use*
Amendments to TAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*
Annual Improvements to TFRS Standards 2018 – 2020	*Amendments to TFRS 1, TFRS 9 and TAS 41*
Amendments to TFRS 16	*COVID-19 Related Rent Concessions beyond 30 June 2021*

Amendments to TFRS 3 *Reference to the Conceptual Framework*

The amendments update an outdated reference to the Conceptual Framework in TFRS 3 without significantly changing the requirements in the standard.

The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

Amendments to TAS 16 *Proceeds before Intended Use*

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

Amendments to TAS 37 *Onerous Contracts – Cost of Fulfilling a Contract*

The amendments specify that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts.

The amendments published today are effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

Annual Improvements to TFRS Standards 2018-2020 Cycle

Amendments to TFRS 1 *First time adoption of International Financial Reporting Standards*

The amendment permits a subsidiary that applies paragraph D16(a) of TFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent’s date of transition to TFRSs.

(All amounts in thousands TL unless otherwise indicated)

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

2.5 New and Amended Turkish Financial Reporting Standards (Continued)

a) Amendments that are mandatorily effective from 2022 (continued)

Annual Improvements to TFRS Standards 2018-2020 Cycle (continued)

Amendments to TFRS 9 *Financial Instruments*

The amendment clarifies which fees an entity includes in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

Amendments to TAS 41 *Agriculture*

The amendment removes the requirement in paragraph 22 of TAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in TFRS 13.

The amendments to TFRS 1, TFRS 9, and TAS 41 are all effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

Amendments to TFRS 16 *COVID-19 Related Rent Concessions beyond 30 June 2021*

Public Oversight Accounting and Auditing Standards Authority ("POA") has published Amendments to TFRS 16 *COVID-19 Related Rent Concessions beyond 30 June 2021* that extends, by one year, the June 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19 related rent concession is a lease modification.

On issuance, the practical expedient was limited to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2021. Since lessors continue to grant COVID-19 related rent concessions to lessees and since the effects of the COVID-19 pandemic are ongoing and significant, the POA decided to extend the time period over which the practical expedient is available for use.

The new amendment is effective for lessees for annual reporting periods beginning on or after 1 April 2021. Earlier application is permitted.

b) New and revised TFRSs in issue but not yet effective

The Group has not yet adopted the following standards and amendments and interpretations to the existing standards:

TFRS 17	*Insurance Contracts*
Amendments to TAS 1	*Classification of Liabilities as Current or Non-Current*
Amendments to TFRS 4	*Extension of the Temporary Exemption from Applying TFRS 9*
Amendments to TAS 1	*Disclosure of Accounting Policies*
Amendments to TAS 8	*Definition of Accounting Estimates*
Amendments to TAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to TFRS 17	*Initial Application of TFRS 17 and TFRS 9 — Comparative Information (Amendment to TFRS 17)*
Amendments to TFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to TAS 1	*Non-current Liabilities with Covenants*

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

2.5 New and Amended Turkish Financial Reporting Standards (Continued)

b) New and revised TFRSs in issue but not yet effective (continued)

TFRS 17 *Insurance Contracts*

TFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. TFRS 17 supersedes TFRS 4 Insurance Contracts as of 1 January 2023.

Amendments to TAS 1 *Classification of Liabilities as Current or Non-Current*

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

Amendments to TAS 1 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

Amendments to TFRS 4 *Extension of the Temporary Exemption from Applying TFRS 9*

The amendment changes the fixed expiry date for the temporary exemption in TFRS 4 Insurance Contracts from applying TFRS 9, so that entities would be required to apply TFRS 9 for annual periods beginning on or after 1 January 2023 with the deferral of the effective date of TFRS 17.

Amendments to TAS 1 *Disclosure of Accounting Policies*

The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies.

Amendments to TAS 1 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

Amendments to TAS 8 *Definition of Accounting Estimates*

With this amendment, the definition of “a change in accounting estimates” has been replaced with the definition of “an accounting estimate”, sample and explanatory paragraphs regarding estimates have been added, and the differences between application of an estimate prospectively and correction of errors retrospectively have been clarified.

Amendments to TAS 8 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

Amendments to TAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

Amendments to TAS 12 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

Amendments to TFRS 17 *Insurance Contracts and Initial Application of TFRS 17 and TFRS 9 — Comparative Information*

Amendments have been made in TFRS 17 in order to reduce the implementation costs, to explain the results and to facilitate the initial application.

The amendment permits entities that first apply TFRS 17 and TFRS 9 at the same time to present comparative information about a financial asset as if the classification and measurement requirements of TFRS 9 had been applied to that financial asset before.

Amendments are effective with the first application of TFRS 17.

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

2.5 New and Amended Turkish Financial Reporting Standards (Continued)

b) New and revised TFRSs in issue but not yet effective (continued)

Amendments to TFRS 16 *Lease Liability in a Sale and Leaseback*

Amendments to TFRS 16 clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in TFRS 15 to be accounted for as a sale.

Amendments are effective from annual reporting periods beginning on or after 1 January 2024.

Amendments to TAS 1 *Non-current Liabilities with Covenants*

Amendments to TAS 1 clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

Amendments are effective from annual reporting periods beginning on or after 1 January 2024.

The Group evaluates the effects of these standards, amendments and improvements on the consolidated financial statements.

2.6 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.

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.

Inventories

Inventories are valued at the lower of cost or net realizable value. Cost elements included in inventories are materials, labor 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.

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

2.6 Summary of Significant Accounting Policies (Continued)

Inventories (continued)

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 labor 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 presented at cost less accumulated depreciation and accumulated impairment losses. Land and lands are not subject to depreciation and are shown at cost less accumulated impairment losses.

In cases where the assets cannot be converted into money over the value they carry, it is checked whether there is any impairment in the assets. If there is such an indication and the value of the assets exceeds the estimated amount to be realized, the assets or cash generating units are brought to their realizable values.

The realizable amount is the higher of the asset's net selling price and net book value in use. To determine the amount of net book value in use, estimated future cash flows are discounted using the pre-tax discount rate, which measures the time value of money and the risk nature of the asset. The net book value in use of a non-independent cash-generating asset is determined for the cash-generating group to which the asset belongs. Provision for impairment expenses are recognized in the consolidated statement of profit or loss.

Except for land and investments in progress, the cost or valued amounts of tangible assets are depreciated using the straight-line method over their expected useful lives or production volumes. The expected useful life, residual value and depreciation method are reviewed each year for the possible effects of changes in estimates, and if there is a change in estimates, they are accounted for prospectively.

The rates used in the amortization of tangible fixed 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

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

2.6 Summary of Significant Accounting Policies (Continued)

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 purchased the operating rights of Göksu Hydroelectric Power Plant through the privatization costing TL 119.738 thousand (USD 52.500 thousand) for 49 years. Göksu Hydroelectric Power Plant has a production license in the amount of TL 492.000 and 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 TL 22.860 thousand and obtained from EMRA.

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.

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."

(All amounts in thousands TL unless otherwise indicated)

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

2.6 Summary of Significant Accounting Policies (Continued)

Intangible assets and amortization (continued)

Amortization of acquired mining licenses (continued)

Tümad Mining has 12 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
88276	Balıkesir	İvrindi	21.01.2014	Operating license	30
17798	Çanakkale	Lapseki	16.12.2019	Operating license	10
27480	Çanakkale	Lapseki	15.11.2019	Operating license	10
79099	Çanakkale	Lapseki	16.12.2019	Operating license	10
69703	Çanakkale	Lapseki	16.12.2019	Operating license	10
88919	Çanakkale	Çan	17.07.2018	Operating license	10
61515	Çanakkale	Merkez	29.05.2019	Operating license	10
200706189	Balıkesir	Gönen	17.09.2020	Operating license	10
68955	Çanakkale	Lapseki	20.01.2020	Operating license	15
202201052	Balıkesir	İvrindi	06.07.2022	Exploration license	1
202201233	Gümüşhane	Torul	08.09.2022	Exploration license	1

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.

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.

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

2.6 Summary of Significant Accounting Policies (Continued)

Intangible assets and amortization (continued)

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.

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.

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

2.6 Summary of Significant Accounting Policies (Continued)

Investment properties (continued)

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.

- Transfer of a property to or from an investment property class only and only
- It is made when there is a change in its use, the transfer is carried out when the following conditions are met:
- 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;

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.

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.

Sheraton Hotel Batumi has been revalued in 2022 with the expertise report provided by Colliers Georgia. The valuation difference between the valued amount and the recorded amount (according to the appraisal report) has been recorded under the "income from investment activities" account in the profit / loss statement in the accompanying consolidated financial statements.

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

2.6 Summary of Significant Accounting Policies (Continued)

Investment properties (continued)

Sheraton Hotel ve Convention Centre - Lugal has been revalued with the expertise report provided in 2022 by Emsal Gayrimenkul Değerleme ve Danışmanlık A.Ş. The valuation difference between the valued amount and the recorded amount (according to the appraisal report) has been recorded under the "income from investment activities" account in the profit / loss statement in the accompanying 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).

The Hydroelectric Power Plant of Nurol Göksu Elektrik Üretim A.Ş. has been revalued with the expertise report in 2021 by Smart Kurumsal Değerleme ve Danışmanlık A.Ş. The valuation difference between the valued amount and the recorded amount (according to the appraisal report) has been recorded under the "Property, plant and equipment revaluation fund" account in the statement of shareholders' equity in the accompanying consolidated financial statements.

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 amount of debt expected to be paid by the lessee under residual value guarantees,
- The enforcement price of the payment options, where the lessee will reasonably implement the payment options; and
- 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.

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

2.6 Summary of Significant Accounting Policies (Continued)

Finance leases (continued)

The Group - as the lease (continued)

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.

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.

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

2.6 Summary of Significant Accounting Policies (Continued)

Financial instruments (continued)

Classification of financial assets

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

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are measured subsequently at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss ("FVTPL").

Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset; the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met.

Amortized cost and effective interest method

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

This income is calculated by applying the effective interest rate to the gross carrying amount of the financial asset:

a) Credit-impaired financial assets when purchased or generated. For such financial assets, the Group applies the effective interest rate on the amortized cost of a financial asset based on the loan from the date of the recognition in the financial statements.
b) financial assets that are impaired at the time of acquisition or generation but subsequently become a financial asset that has been impaired. For such financial assets, the Group applies the effective interest rate to the amortized cost of the asset in the subsequent reporting periods.

Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortized cost and at FVTOCI.

Interest income is recognized in consolidated profit or loss statement. Interest income is recognized as income from investments if it is based on deposits. Interest income from in-group borrowings are shown as finance income.

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

2.6 Summary of Significant Accounting Policies (Continued)

Financial instruments (continued)

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.

Financial assets at fair value through profit or loss are measured at fair value at the end of each period and all fair value changes are accounted for in profit or loss unless the related financial assets are part of the hedging transactions (see hedge accounting policy).

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically,

- for financial assets measured at amortized cost that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss in the ‘other gains and losses’ line item;

- for debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortized cost of the debt instrument are recognized in profit or loss in the ‘other gains and losses’ line item. Other exchange differences are recognized in other comprehensive income in the investments revaluation reserve;

- for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss in the ‘other gains and losses’ line item; and

- for equity instruments measured at FVTOCI, exchange differences are recognized in other comprehensive income in the investments revaluation reserve.

Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on investments in debt instruments that are measured at amortized cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on loan commitments and financial guarantee contracts. No impairment loss is recognized for investments in equity instruments. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

Trade receivables

Trade receivables arising from the provision of products or services to the buyer are recognized over the amortized value of the receivables to be recorded in the following periods from the original invoice value, using the effective interest method. Short-term receivables with no determined interest rate are shown from the invoice amount if the effect of the original effective interest rate is not too great.

The "simplified approach" is applied for the impairment calculations of trade receivables that are accounted at amortized cost in the financial statements and do not contain a significant financing component (with a maturity of less than 1 year). With this approach, in cases where the trade receivables are not impaired for certain reasons (except for the realized impairment losses), the loss allowance for trade receivables is measured at an amount equal to "lifetime expected credit losses". Following the allocation of a provision for impairment, if all or a portion of the impaired receivable is collected, the collected amount is deducted from the provision for impairment and recorded in other operating income.

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

2.6 Summary of Significant Accounting Policies (Continued)

Financial instruments (continued)

Impairment of financial assets (continued)

The Group utilizes a simplified approach for non-significant trade receivables, contract assets and lease receivables and calculates the allowance for impairment against the lifetime expected credit losses ("ECL") of the related financial assets.

For all other financial instruments, the Group recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

Derecognition of financial assets

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

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities

Financial liabilities are classified as at FVTPL on initial recognition. On initial recognition of liabilities other than those that are recognized at FVTPL, transaction costs directly attributable to the acquisition or issuance thereof are also recognized in the fair value.

A financial liability is subsequently classified at amortized cost except:

a) Financial liabilities at FVTPL: These liabilities including derivative instruments are subsequently measured at fair value.
b) Financial liabilities arising if the transfer of the financial asset does not meet the conditions of derecognition from the financial statements or if the ongoing relationship approach is applied: When the Group continues to present an asset based on the ongoing relationship approach, a liability in relation to this is also recognized in the financial statements. The transferred asset and the related liability are measured to reflect the rights and liabilities that the Company continues to hold. The transferred liability is measured in the same manner as the net book value of the transferred asset.

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

2.6 Summary of Significant Accounting Policies (Continued)

Financial instruments (continued)

Financial liabilities (continued)

c) A contingent consideration recognized in the financial statements by the entity acquired in a business combination where TFRS 3 is applied: After initial recognition, the related contingent consideration is measured as at FVTPL.

Derecognition of financial liabilities

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

Other financial liabilities

Other financial liabilities, including borrowings and trade and other payables, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

Trade payables

Trade payables refer to the payments to be made for goods and services provided from suppliers in ordinary activities. Trade payables are first measured from their fair value and amortized cost calculated using the effective interest method in the following periods.

Derivative Instruments

Derivative instruments are first recorded at their acquisition cost reflecting their fair value at the contract date and are valued at fair value in the following periods. The derivative instruments of the Group consist of forward foreign exchange purchase and sale contracts. Although these derivatives provide effective protection against risks for the Group economically, if they do not meet the necessary conditions for risk accounting, they are accounted as trading derivatives in the consolidated financial statements and the fair value changes related to them are reflected in the statement of profit or loss.

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.

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

2.6 Summary of Significant Accounting Policies (Continued)

Advances and Loans Given to Customers

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.

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.

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 Consolidated Financial Statements (Continued)

2.6 Summary of Significant Accounting Policies (Continued)

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.

a) Definition of contracts with customers,
b) Definition of liabilities in contracts,
c) The amount of revenue can be measured reliably;
d) It is probable that the economic benefits associated with the transaction will flow to the entity; and
e) 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 Consolidated Financial Statements (Continued)

2.6 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 Consolidated Financial Statements (Continued)

2.6 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 labor costs and those indirect costs related to contract performance, such as indirect labor, 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 ore 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 armor 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.

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.

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

2.6 Summary of Significant Accounting Policies (Continued)

Revenue (continued)

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.

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.

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

2.6 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 TL to 1 billion TL 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. During this acquisition, goodwill of 23.333 thousand TL was paid for 5% of the capital share (Note 18).

Nurol Holding, purchased 100% shares of Batı Anadolu Madencilik Sanayi ve Ticaret A.Ş. in 2014. The Group has paid TL 95.948 thousand for TL 45.745 thousand capital of Batı Anadolu Madencilik Sanayi ve Ticaret A.Ş. TL 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.

Offsetting

In the existence of legal right or power of sanction for offsetting the financial assets and liabilities included in the consolidated financial statements and in the case of collection/payment or simultaneous finalization of aforementioned financial assets and liabilities, the net amounts are stated.

(All amounts in thousands TL unless otherwise indicated)

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

2.6 Summary of Significant Accounting Policies (Continued)

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.

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 2022	31 December 2021
USD	18,6983	12,9775
EURO	19,9349	14,6823
GBP	22,4892	17,453
DZD (Algerian Dinar)	0,1364	0,0934
GEL (Georgian Lari)	6,9444	4,1968
AED (Arab Emirates Dirham)	5,0627	3,5134
RON (Romanian Leu)	4,0062	2,9498

(All amounts in thousands TL unless otherwise indicated)

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

2.6 Summary of Significant Accounting Policies (Continued)

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.

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 2022 and 2021 are as follows:

	31 December 2022	31 December 2021
Discount rate	22,20 %	21,00 %
Annual inflation rate	19,90 %	16,40 %

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 TFRS, 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 Consolidated Financial Statements (Continued)

2.6 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 ongoing construction activities, mining sates, financial institution income to name a few.

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 Consolidated Financial Statements (Continued)

2.6 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.

2.7 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.

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

2.7 Use of Estimates (Continued)

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.

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.

(All amounts in thousands TL unless otherwise indicated)

4. Segment Reporting

31.12.2022	Holding	Construction	Energy	Manufacturing	Service	Tourism	Mining	Finance (Bank)	Eliminations	Total
Total assets	6.877.956	29.247.668	1.883.630	19.458.769	528.983	1.120.507	11.049.242	17.454.341	(8.513.475)	79.107.621
Total liabilities	6.877.956	29.247.668	1.883.630	19.458.769	528.983	1.120.507	11.049.242	17.454.341	(8.513.475)	79.107.621

31.12.2021	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	238.410	649.628	7.670.651	7.078.071	(10.606.544)	48.413.872
Total liabilities	6.329.874	21.086.170	1.630.963	14.336.649	238.410	649.628	7.670.651	7.078.071	(10.606.544)	48.413.872

(All amounts in thousands TL unless otherwise indicated)

4. Segment Reporting (Continued)

1 January – 31 December 2022	Holding	Construction	Energy	Manufacturing	Service	Tourism	Mining	Finance (Bank)	Eliminations	Total
Revenue	151.553	9.435.090	1.298.324	7.198.073	89.020	248.630	6.611.328	--	(897.823)	24.134.195
Finance sector operating income	--	--	--	--	--	--	--	3.033.496	(368.422)	2.665.074
Cost of sales	(148.167)	(6.833.229)	(1.019.147)	(4.780.905)	(114.942)	(176.005)	(2.705.265)	--	670.500	(15.107.160)
Finance sector operating cost	--	--	--	--	--	--	--	(961.673)	--	(961.673)
Gross profit	**3.386**	**2.601.861**	**279.177**	**2.417.168**	**(25.922)**	**72.625**	**3.906.063**	**2.071.823**	**(595.745)**	**10.730.436**
Operating expenses	(21.026)	(913.799)	(23.690)	(569.268)	(19.106)	(45.599)	(284.520)	(247.187)	227.323	(1.896.872)
Other operating income / (expenses), net	2.356	(111.363)	(1.279)	(104.328)	(1.643)	(1.215)	97.061	(30.020)	--	(150.431)
Operating profit/(loss)	**(15.284)**	**1.576.699**	**254.208**	**1.743.572**	**(46.671)**	**25.811**	**3.718.604**	**1.794.616**	**(368.422)**	**8.683.133**
Shares from profit / (loss) from investments revalued with the equity method	--	7.155.811	--	--	--	--	--	--	--	7.155.811
Income /(expenses) from investing activities, net	2.206.665	2.717.340	332	55.656	98	400.947	10.769	49.388	(3.069.633)	2.371.562
Financial income /(expenses), net	(752.962)	(6.112.056)	(580.692)	(885.881)	(22.475)	(153.228)	(98.069)	--	371.171	(8.234.192)
Profit/(loss) before tax from continued operations	**1.438.419**	**5.337.794**	**(326.152)**	**913.347**	**(69.048)**	**273.530**	**3.631.304**	**1.844.004**	**(3.066.884)**	**9.976.314**
Tax expense for the year	--	--	--	(4.521)	(2.520)	--	(228.939)	(385.672)	--	(621.652)
Deferred tax income/(expense)	143	(126.182)	(5.440)	463.695	(561)	(117.884)	379.484	--	--	593.255
Net profit/(loss) for the continued operations period	**1.438.562**	**5.211.612**	**(331.592)**	**1.372.521**	**(72.129)**	**155.646**	**3.781.849**	**1.458.332**	**(3.066.884)**	**9.947.917**
EBITDA	**(7.019)**	**1.716.695**	**287.022**	**2.016.077**	**(21.695)**	**41.311**	**4.350.559**	**1.813.521**	**(368.422)**	**9.828.049**

(All amounts in thousands TL unless otherwise indicated)

4. Segment Reporting (Continued)

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	42.243	86.761	3.595.744	--	(583.514)	11.555.248
Finance sector operating income	--	--	--	--	--	--	--	710.080	--	710.080
Cost of sales	(84.955)	(3.828.317)	(379.633)	(2.194.864)	(48.848)	(61.623)	(1.571.133)	--	486.529	(7.682.844)
Finance sector operating cost	--	--	--	--	--	--	--	(337.704)	--	(337.704)
Gross profit	**(8.576)**	**766.929**	**104.841**	**1.063.051**	**(6.605)**	**25.138**	**2.024.611**	**372.376**	**(96.985)**	**4.244.780**
Operating expenses	(2.098)	(344.988)	(14.251)	(320.843)	(13.524)	(23.801)	(109.820)	(97.241)	96.985	(829.581)
Other operating income / (expenses), net	(187.123)	(88.450)	(558)	(191.100)	367	(5.759)	(17.061)	(37.656)	--	(527.340)
Operating profit/(loss)	**(197.797)**	**333.491**	**90.032**	**551.108**	**(19.762)**	**(4.422)**	**1.897.730**	**237.479**	**–**	**2.887.859**
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	200.995	7.129	(116.155)	32	59.586	350	9.751	(1.214.093)	199.363
Financial income /(expenses), net	(525.718)	(4.198.774)	(434.970)	(553.064)	(5.787)	(148.935)	(189.344)	--	56.850	(5.999.742)
Profit/(loss) before tax from continued operations	**528.253**	**1.849.874**	**(337.809)**	**(118.111)**	**(25.517)**	**(93.771)**	**1.708.736**	**247.230**	**(1.157.243)**	**2.601.642**
Tax expense for the year	--	--	--	(325)	--	--	(99.289)	(56.087)	--	(155.701)
Deferred tax income/(expense)	1.113	269.026	769	(102.424)	1.132	(9.164)	(320.092)	--	--	(159.640)
Net profit/(loss) for the continued operations period	**529.366**	**2.118.900**	**(337.040)**	**(220.860)**	**(24.385)**	**(102.935)**	**1.289.355**	**191.143**	**(1.157.243)**	**2.286.301**
EBITDA	**(192.232)**	**491.875**	**119.902**	**705.069**	**(12.275)**	**2.585**	**2.360.957**	**247.467**	**–**	**3.723.348**

(All amounts in thousands TL unless otherwise indicated)

5. Related Party Disclosures

a) Current trade receivables from related parties	31.12.2022	31.12.2021
Otoyol İşletme ve Bakım A.Ş.	12.335	4.382
Otoyol Yatırım ve İşletme A.Ş.	8.500	3.912
Çarmıklı Family	8.068	2.935
Nurol Grup Elektrik Toptan Satış A.Ş.	1.539	--
Nurol Tower Site Yönetimi	527	470
Çarmad Madencilik Sanayi ve Ticaret Ltd. Şti.	159	--
Nurol Park Site Yönetimi	--	75
Other	398	137
	31.526	**11.911**

b) Non-current trade receivables from related parties	31.12.2022	31.12.2021
Otoyol Yatırım ve İşletme A.Ş.	7.119	8.812
	7.119	**8.812**

c) Current trade payables to related parties	31.12.2022	31.12.2021
SGO İnşaat Sanayi ve Ticaret A.Ş.	54.222	2.056
Other	7	44
	54.229	**2.100**

d) Other current receivables from related parties	31.12.2022	31.12.2021
Çarmıklı Family	676.196	169.468
Çarmad Madencilik Sanayi ve Ticaret Ltd. Şti.	3	706
Other	167	1
	676.366	**170.175**

e) Other non-current receivables from related parties	31.12.2022	31.12.2021
Otoyol Yatırım ve İşletme A.Ş.	94.142	56.463
	94.142	**56.463**

f) Other current payables to related parties	31.12.2022	31.12.2021
Çarmıklı Family	24	7
Otoyol Yatırım ve İşletme A.Ş.	74	--
Other	17	864
	115	**871**

(All amounts in thousands TL unless otherwise indicated)

5. Related Party Disclosures (Continued)

g) Other non-current payables to related parties	31.12.2022	31.12.2021
BAE Systems (Operations) Limited	--	10.914
	--	**10.914**

6. Cash and Cash Equivalents

	31.12.2022	31.12.2021
Cash on hand	12.435	15.352
Cash at banks		
- demand deposit	2.049.651	2.041.245
- time deposit	976.630	541.992
- blocked deposit	30.712	177.107
Due from banks and financial institutions	2.701.646	1.311.028
Central Bank deposit reserve (*)	2.434.384	1.518.923
Tümad blocked deposit	210.647	667.409
Currency protected deposits	610.334	--
Reverse repo transactions (**)	379.095	--
Credit card receivables	11.060	3.953
	9.416.594	**6.277.009**

(*) 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 2022, receivables from reverse repo transactions of Nurol GYO is in the amount of TL 79.046 thousand, while receivables from reverse repo transactions of Nurol Bank is in the amount of TL 300.049 thousand.

As of 31 December 2022 and 2021, details of bank statement per company are as follows:

	31.12.2022	31.12.2021
Nurol Holding	163.422	257.444
Nurol İnşaat	1.173.581	830.455
Tümad Madencilik	680.228	1.366.448
FNSS	358.292	566.286
Nurol Gayrimenkul	155.253	204.587
Nurol Makina	579.189	154.241
Nurol Teknoloji	102.971	12.203
Nurol Göksu	9.895	11.692
Turser	10.173	6.751
Nurol Cas	5.675	3.024
Enova Toptan	14.103	2.895
Nurol Havacılık	2.541	1.056
Enova Enerji	563	209
Nurol Yatırım Bankası	4	4
Other	11.750	10.458
	3.267.640	**3.427.753**

(All amounts in thousands TL unless otherwise indicated)

7. Trade Receivables and Payables

Current trade receivables	31.12.2022	31.12.2021
Current trade receivables		
Construction Group		
- Nurol Algeria Branch	853.447	438.519
- Nurol LLC	259.372	93.603
- Nurol Gülermak Joint Venture	637	155.518
- Nurol İnşaat ve Ticaret A.Ş.	164.771	105.803
- Nurol Romania Branch	64.144	7.053
- Nurol Georgia	4.914	2.620
- Nurol Mesa Joint Venture	2.245	4.108
- Nurol Morocco Branch	--	5.240
- Nurol Yüksel YDA Özka Joint Venture	2.656	6.373
- Nurol Cengiz Joint Venture	--	349
- Nurol Gülermak Makyol Joint Venture	76.670	100
- Gülsan Nurol Joint Venture	641	518
- Özgün Nurol Joint Venture	45.663	14.911
- Nurol Cengiz Hasankeyf Joint Venture	--	565
Holding Group		
- FNSS	464.009	353.848
- Nurol Makina	571.270	615.491
- Nurol Holding	94	92
- Nurol BAE Systems	1.284	2.183
- Nurol Teknoloji	80.288	185.114
- Nurol GYO	8.983	10.656
- Enova Toptan Satış	29.008	11.869
- Nurol Solar Enerji	7.011	11.817
- Turser Turizm	11.600	5.324
- Botim İşletme	4.382	1.693
- Bosfor Turizm	8.643	3.155
Current trade receivables from related parties (Note 5)	31.526	11.911
Other trade receivables	7.706	4.796
Notes receivable (*)	6.870	15.292
Doubtful trade receivables	24.064	24.243
Provision for doubtful trade receivables (-)	(24.064)	(24.243)
	2.707.834	**2.068.521**

Non-current trade receivables	31.12.2022	31.12.2021
Non-current trade receivables		
Non-current trade receivables from related parties (Note 5)	7.119	8.812
Notes receivable (*)	--	638
	7.119	**9.450**

(*) As of 31 December 2022, TL 4.373 thousand of the notes receivables is comprised units sold within the scope of Nurol Park, Nurol Life and Nurol Tower projects of Nurol Gayrimenkul and TL 1.080 thousand is comprised of Nurol İnşaat's sales of Yeşilyaka and Zekeriyaköy villas.

(All amounts in thousands TL unless otherwise indicated)

7. Trade Receivables and Payables (Continued)

Current trade payables	**31.12.2022**	**31.12.2021**
Current trade payables		
Construction Group		
- Nurol İnşaat ve Ticaret A.Ş.	211.720	185.311
- Nurol Algeria Branch	1.410.603	170.280
- Nurol LLC	872.657	593.319
- Nurol Romania Branch	205.478	188.619
- Nurol Gülermak Makyol Joint Venture	121.302	61.034
- Nurol Georgia	6.503	2.846
- Nömayg Joint Venture	--	101
- Nurol Gülermak Joint Venture	5.022	12.124
- Gülsan Nurol Joint Venture	9.536	4.768
- Nurol Yüksel YDA Özka Joint Venture	182	18.444
- Nurol Mesa Joint Venture	2.981	2.016
- Özgün Nurol Joint Venture	23.689	--
- Nurol Cengiz Joint Venture	--	185
- Nurol Morocco Branch	--	119
- Nurol Yüksel Özka YDA Joint Venture	220	--
Holding Group		
- Nurol Makina	705.728	229.699
- Nurol Holding	7.623	7.356
- FNSS	2.212.061	985.502
- Tümad Madencilik	88.507	105.858
- Nurol Teknoloji	72.973	46.750
- Enova Enerji	6.370	25.565
- Turser Turizm	12.913	13.283
Current portion of debts arising from the purchase of real estate	8.208	1.152
Current accounts of credit customers (Nurol Bank)	1.566.451	2.256.766
Trade payables to related parties (Note 5)	54.229	2.100
Other trade payables	279	8.685
Notes payable	--	38.952
	7.605.235	**4.960.834**

Non-current trade payables	**31.12.2022**	**31.12.2021**
Nurol İnşaat trade payables (*)	2.017.570	1.030.632
	2.017.570	**1.030.632**

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

(All amounts in thousands TL unless otherwise indicated)

8. Financial Investments

Current	31.12.2022	31.12.2021
Available-for-sale financial investments (Rockland) (*)	4.975	9.740
Stock shares	8.426	3.184
	13.401	**12.924**

(*) 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

Current	31.12.2022	31.12.2021
Current loan receivables	2.357.123	1.986.017
Assets held for sale (*)	318.730	226.930
Held for sale trading investments – Nurol Bank		
- Turkish government bonds -TL	61.139	205.254
Held for sale – Nurol Bank (**)		
- Equity instruments	6.284.841	149.917
	9.021.833	**2.568.118**

Non-current	31.12.2022	31.12.2021
Non-current loan receivables	1.372.659	752.279
Receivables from other financial operations	19.983	23.892
	1.392.642	**776.171**

(*) As of 31 December 2022, the Bank has no assets held for sale. As of 31 December 2022, together with the valuation amount of investment properties amounting to TL 47.750, the total amount of investment properties has been realized as TL 318.730 (31 December 2021: TL 226.930).

(**) Financial assets traded in the exchange at fair value through other comprehensive income in the amount of TL 201.207 (31 December 2021: TL 5.822) is comprised of government bonds, TL 5.785 (31 December 2021: TL 6.152) is comprised of bank bills and TL 1.463.701 (31 December 2021: TL 47.934) is comprised of securities issued by the private sector. The portion amounting to TL 1.896.428 (31 December 2021: TL 171.653) is comprised of Eurobonds issued by the Private Sector and TL 2.079.956 (31 December 2021: None) of Eurobonds issued by foreign banks.

(All amounts in thousands TL unless otherwise indicated)

10. Financial Liabilities

Current financial liabilities	31.12.2022	31.12.2021
Current bank borrowings	11.659.255	9.445.205
Financial lease payables	163.118	188.632
Interest accruals	163.034	89.320
Total current financial liabilities	**11.985.407**	**9.723.157**

Non-current financial liabilities	31.12.2022	31.12.2021
Non-current bank borrowings	12.058.571	9.398.891
Financial lease payables	123.448	102.628
Total non-current financial liabilities	**12.182.019**	**9.501.519**
Total financial liabilities	**24.167.426**	**19.224.676**

As of 31 December 2022 and 2021 details of current and non-current financial liabilities are as follows:

Current	Average interest rate%	Foreign Currency 31.12.2022	TL Equivalent 31.12.2022	Foreign Currency 31.12.2021	TL Equivalent 31.12.2021
Bank loans					
- TL	9,04 – 18,33	2.162.911	2.162.911	1.896.905	1.896.905
- USD	3,08 – 8,27	459.857	8.598.538	521.902	6.772.989
- EUR	4,50	32.819	654.241	43.667	641.128
Nurol LLC loans (AED)		48.110	243.565	38.192	134.183
Financial lease payables					
- EUR		5.669	113.006	9.561	140.379
- USD		1.763	32.972	--	--
- TL		17.140	17.140	48.253	48.253
Interest accruals		--	163.034	--	89.318
			11.985.407		**9.723.157**
Non-current					
Bank loans					
- TL	11,50 - 13	71.337	71.337	506.756	506.756
- USD	4,50 - 6,75	213.754	3.996.829	287.510	3.731.158
- EUR	3 - 6,34	104.000	2.073.230	8.613	126.458
Nurol LLC loans (AED)		86.163	436.217	91.677	322.099
Georgia loans (GEL)		29.919	207.772	36.015	151.148
Financial lease payables					
- EUR		380	7.578	5.273	77.420
- USD		5.720	106.955	--	--
- TL		8.915	8.915	25.209	25.209
Reclassified financial liabilities (*)					
- TL	22,61	1.854.392	1.854.392	1.898.878	1.898.878
- USD	6,82	100.241	1.874.331	87.108	1.130.442
- EUR	6,13	77.475	1.544.463	104.340	1.531.951
			12.182.019		**9.501.519**

(All amounts in thousands TL unless otherwise indicated)

10. Financial Liabilities (Continued)

(*) 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 given by Nurol Holding and its subsidiaries for bank loans, guarantee checks, sureties of company partners and Nurol Holding are listed in Note 23 Provisions, Contingent Assets and Liabilities.

The repayment schedule of the financial liabilities are as follows:

	31.12.2022	**31.12.2021**
Within 1 year	11.985.407	9.723.157
1 - 2 years	8.258.968	7.985.565
2 - 3 years	3.274.922	908.851
3 - 4 years	587.401	488.484
4 - 5 years	32.690	46.268
5 - 6 years	17.450	24.117
6 - 7 years	10.588	24.117
7 - 8 years	--	24.117
	24.167.426	**19.224.676**

Debt Securities Issued

a) Current debt securities and bonds issued

	31.12.2022	**31.12.2021**
Bank bills	2.353.372	1.262.668
Bonds issued	559.233	709.102
	2.912.605	**1.971.770**

b) Non-current debt securities and bonds issued

	31.12.2022	**31.12.2021**
Bonds issued	2.280.000	1.667.761
Subordinated loans (*)	93.785	66.764
	2.373.785	**1.734.525**

(All amounts in thousands TL unless otherwise indicated)

10. Financial Liabilities (Continued)

Debt Securities Issued (continued)

The non-redemption of the issues made by the Group as of 31 December 2022 are listed below;

Issue Type	*Issue Date*	*Due Date*	*Nominal Value*	*Interest Rate*
Nurol Yatırım Bankası				
Bills	28.07.2021	20.01.2023	155.000.000	19,75%
Bills	27.06.2022	28.06.2024	50.000.000	25,50%
Bills	5.07.2022	8.07.2024	50.000.000	26,00%
Bills	26.07.2022	29.07.2024	300.000.000	27,50%
Bills	13.09.2022	18.09.2024	50.000.000	21,00%
Bonds	30.09.2022	12.01.2023	50.000.000	21,75%
Bonds	19.10.2022	18.01.2023	250.000.000	21,00%
Bonds	25.10.2022	30.01.2023	150.000.000	22,00%
Bonds	3.11.2022	2.02.2023	400.000.000	24,75%
Bonds	18.11.2022	16.02.2023	200.000.000	24,00%
Bonds	1.12.2022	28.02.2023	55.000.000	23,00%
Bonds	6.12.2022	7.03.2023	150.000.000	23,00%
Bonds	8.12.2022	10.03.2023	150.000.000	23,00%
Bonds	13.12.2022	14.03.2023	110.000.000	23,00%
Bonds	15.12.2022	17.03.2023	100.000.000	23,00%
Bonds	6.10.2022	6.04.2023	60.000.000	21,50%
Bonds	19.10.2022	19.04.2023	100.000.000	20,50%
Bonds	20.09.2022	15.03.2023	165.000.000	21,00%
Bonds	26.07.2022	24.01.2023	50.000.000	26,50%
Bonds	19.08.2022	17.02.2023	75.000.000	25,00%
Bonds	1.09.2022	2.03.2023	150.000.000	21,00%
Bonds	7.09.2022	8.03.2023	100.000.000	20,00%
Bonds	12.10.2022	12.04.2023	100.000.000	21,50%
Bonds	22.12.2022	20.06.2023	200.000.000	25,00%
Bonds	23.12.2022	23.06.2023	50.000.000	25,00%
Nurol Holding				
Bills	16.03.2022	12.03.2025	100.000	29,75%
Bills	23.06.2022	19.06.2025	80.000	35,00%
Bonds	5.08.2022	2.02.2023	70.000	35,00%
Nurol GYO				
Bills	16.07.2021	14.07.2024	9.657	23,25%
Nurol İnşaat				
Bills	29.12.2021	24.12.2024	1.400.000	26,50%
Bills	30.05.2022	23.05.2025	100.000	26,50%
Bills	7.12.2022	4.12.2025	600.000	39,50%

(All amounts in thousands TL unless otherwise indicated)

11. Funds Borrowed

	31.12.2022	31.12.2021
Funds borrowed	6.794.329	1.963.312
Obligations under repurchase agreements	2.368.934	115.867
	9.163.263	**2.079.179**

The effective interest rate for borrowed funds is 7,96% in USD Dollars. (31 December 2021: 3,41%), 5,32% in Euros (31 December 2020: 3,85%), and 12,36% in Turkish Lira. (31 December 2021: 16,79%). Borrowed funds have fixed interest rates as of 31 December 2022 and 2021.

As of 31 December 2022 and 2021, 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 2022 (31 December 2021: None).

12. Other Receivables and Payables

Other current receivables	**31.12.2022**	**31.12.2021**
Due from related parties (Note 5)	676.366	170.175
Advances given to personnel	14.295	5.482
Deposits and guarantees given		
- Nurol LLC	283.479	20.056
- Nurol Romania Branch	172.184	15.436
- Nurol Gama Joint Venture	10	14
- Nurol Morocco Branch	126	3
- Nurol Gayrimenkul Yatırım Ortaklığı A.Ş.	9	10.593
- Nurol Makina	208	173
- Other Group Companies	238	76.811
Other doubtful receivables		
- Nurol Holding	320	320
- Nurol İnşaat	1.593	156
- Other Group Companies	57	63
Provision for doubtful other receivables (-)	(1.970)	(539)
Other	24.569	5.007
	1.171.484	**303.750**

Other non-current receivables	**31.12.2022**	**31.12.2021**
Non-current receivables from related parties (Note 5)	94.142	56.463
Deposits and guarantees given	592.051	29.347
	686.193	**85.810**

(All amounts in thousands TL unless otherwise indicated)

12. Other Receivables and Payables (Continued)

Other current payables	**31.12.2022**	**31.12.2021**
Due to related parties (Note 5)	115	871
Deposits and guarantees received	47.011	38.186
Other (*)	439.517	123.483
	486.643	**162.540**

Other non-current payables	**31.12.2022**	**31.12.2021**
Deposits and guarantees received	23.770	1.803
Due to related parties (Note 5)	--	10.914
Other (*)	1.325.834	1.116.220
	1.349.604	**1.128.937**

(*) 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 ounce of 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 transfer.

13. Inventories

	31.12.2022	**31.12.2021**
Raw materials		
- FNSS	359.722	286.831
- Nurol Makina (*)	990.222	555.805
- Nurol İnşaat (***)	146.272	68.786
- Nurol Teknoloji (****)	168.976	82.045
- Tümad (*****)	511.775	218.260
- Other Group Companies	34	33
Semi-finished goods		
- Nurol İnşaat (***)	305.805	543.251
- Nurol Makina (*)	365.024	203.651
- Nurol Teknoloji (****)	65.006	50.781
- Tümad (*****)	383.360	236.746
Subtotal	**3.296.196**	**2.246.189**

(All amounts in thousands TL unless otherwise indicated)

13. Inventories (Continued)

	31.12.2022	**31.12.2021**
Finished goods		
- Nurol İnşaat (***)	423.286	219.986
- Nurol Makina (*)	138.463	56.223
- Nurol Teknoloji (****)	154.624	120.579
- Tümad	740	1.805
Trade goods		
- Nurol İnşaat	3.887	2.328
- Turser Turizm	2.775	1.327
- Other Group Companies	334	445
- Nurol Gayrimenkul trade goods (**)	33.203	158.966
Other inventories		
- Tümad	428.619	219.532
- Nurol İnşaat (***)	10.453	2.047
- Nurol Makina (*)	47.379	22.670
- Nurol Teknoloji	17.147	6.865
- Other Group Companies	1.323	85
	4.558.429	**3.059.047**

(*) The balance is comprised of raw materials and semi-finished products purchased by Nurol Makina for its projects in the Defence Industry.

(**) TL 33.203 thousand of the merchandises is comprised of the developing and finished residence construction projects of Nurol Gayrimenkul Yatırım Ortaklığı A.Ş. The amount is comprised of 3 projects:

	31.12.2022	**31.12.2021**
Nurol Tower Project	767	10.906
Nurol Park Project	12.138	116.400
Nurol Life Project	20.298	31.660
	33.203	**158.966**

As of 31 December 2022, there is a mortgage in the amount of TL 800.000thousand on the construction projects of Nurol GYO (31 December 2021: TL 3.422.425 thousand).

(***) The remaining semi-finished products of Nurol İnşaat consist of Mesa Nurol Yeşilyaka project 1st Stage (Koru), 2nd Stage (Su), 3rd Stage (production has not started) villa projects. It includes 679 villas, social facilities and general areas with a total construction area of 245.426 m2. Nurol Georgia Residence project, which is the product balance of Nurol İnşaat, consists of 54 residences and 3 stores on a construction area of 6.423 m2. 25 residences and 1 shop were sold. The remaining flats and shops are followed under the finished goods account. TL 7.282 thousand of Nurol İnşaat's other stocks balance consists of asphalt, aggregate and filling materials within the scope of the Nusfalau - Suplacu de Barcau Highway construction work undertaken by the Romanian Branch.

(****) 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, armored cabin and visor products. Its finished goods on the other hand, consist of ballistic armor solutions such as ballistic vest, ballistic plate, ballistic shield, armored cabin and visors.

(*****) 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.

(All amounts in thousands TL unless otherwise indicated)

14. Prepaid Expenses and Deferred Income

Prepaid expenses in current assets	**31.12.2022**	**31.12.2021**
Order advances given for inventories		
- Nurol İnşaat	52.803	33.695
- FNSS	480.213	287.381
- Nurol Makina	207.478	85.547
- Nurol Gayrimenkul	5.592	14.737
- Tümad Madencilik	--	560
- Nurol Teknoloji	53.508	67.807
- Other	28.813	15.530
Prepaid expenses (*)	189.556	59.801
	1.017.963	**565.058**

Prepaid expenses in non-current assets	**31.12.2022**	**31.12.2021**
Prepaid expenses in non-current assets		
- Nurol İnşaat	20	6
- Nurol Makina	--	820
- Other	7	189
Prepaid expenses (*)	12.862	25.684
	12.889	**26.699**

(*) The majority of the prepaid expenses are comprised of insurance expenses recorded according to the matching principle.

Current deferred income	**31.12.2022**	**31.12.2021**
Deferred income		
- Nurol İnşaat	4.718	954
- Turser Turizm	2.977	335
- Nurol Teknoloji	2.701	10.420
- Nurol Gayrimenkul	2.038	2.876
- Nurol Makina	--	132.044
- Other	278	107
Advances received		
- FNSS	1.357.005	1.006.631
- Nurol Makina	900.390	928.751
- Nurol Teknoloji	91.281	48.047
- Nurol Gayrimenkul	55.849	64.389
- Nurol İnşaat	65.667	6.115
- Nurol Gülermak Joint Venture	3	35.802
- Solar Enerji	10.559	--
Other advances received	5.828	45.823
	2.499.294	**2.282.294**

(All amounts in thousands TL unless otherwise indicated)

14. Prepaid Expenses and Deferred Income (Continued)

Non-current deferred income	31.12.2022	31.12.2021
Deferred income		
- Turser	443	497
Advances received		
- FNSS	1.072.322	809.573
- Nurol İnşaat	330.646	287.022
- Nurol Makina	106.580	73.972
Other advances received	485	1.477
	1.510.476	**1.172.541**

15. Receivables and Payables from Ongoing Construction and Project Contracts

a) Receivables from construction contracts

		31.12.2022		31.12.2021	
	%	Receivables from Construction Contracts	Payables Related to Construction Contracts	Receivables from Construction Contracts	Payables Related to Construction Contracts
Ümraniye-Ataşehir-Göztepe Subway Project (Nurol Gülermak Joint Venture) (*)	--	--	--	116.527	--
Ümraniye-Ataşehir-Göztepe Subway Project (Nurol Gülermak Makyol Joint Venture)	31	--	9.014	--	--
Yusufeli Group Dam Bridges Construction (Gülsan Nurol Joint Venture)	18	5.415	--	33.746	--
Silifke Mut Road Project (Nurol İnşaat)	39	102.536	--	93.383	--
Eyiste Viaduct Construction (Nurol İnşaat)	--	--	--	101.466	--
Ordu Highway landslide reclamation supply works	--	--	--	16.035	--
İzmir Çiğli Tram Line (Nurol İnşaat)	66	250.171	--	35.685	--
Nurol Algeria projects	--	194.432	--	--	--
Nurol LLC projects	--	815.352	283.207	642.951	312.328
		1.367.906	**292.221**	**1.039.793**	**312.328**

(*) Gülermak Ağır Sanayi İnşaat ve Taahhüt A.Ş. and Nurol İnşaat ve Ticaret A.S., Metro Yapım Joint Venture, with the contract signed on 19 April 2022, has transferred the Ümraniye-Ataşehir-Göztepe Subway Project to the partnership comprised of Gülermak Ağır Sanayi İnşaat ve Taahhüt A.Ş., Nurol İnşaat A.Ş.. and Makyol İnşaat Sanayi Ticaret ve Turizm A.Ş. with share rates of Gülermak: 33.33%, Nurol: 33.33% and Makyol: 33.33%.

(All amounts in thousands TL unless otherwise indicated)

15. Receivables and Payables from Ongoing Construction and Project Contracts (continued)

b) Receivables from project contracts

FNSS	**31.12.2022**	**31.12.2021**
Ongoing project contract revenue	19.625.386	23.295.676
Less: Loss provision for ongoing project contracts	6.783.171	(3.147)
Less: Total invoiced progress payment at the end of the period	(18.304.580)	(18.098.638)
	8.103.977	**5.193.891**

Nurol Makina	**31.12.2022**	**31.12.2021**
Ongoing project contract revenue	7.260.013	4.503.845
Less: Total invoiced progress payment at the end of the period	(6.162.924)	(3.860.676)
	1.097.089	**643.169**
	9.201.066	**5.837.066**

16. Investments

	31.12.2022	**31.12.2021**
Nurol Technology USA, LLC	2.050	--
Otoyol Deniz Taşımacılığı A.Ş.	1.510	1.510
Otoyol İşletme ve Bakım A.Ş.	1.298	1.298
BİNOM Highend Mühendislik A.Ş.	1.250	--
Nurol Makina Hungary Branch	122	122
Nurol Grup Elektrik Toptan Satış A.Ş.	20	--
Finanscorp P.L.C.	16	16
Çarmad Madencilik Sanayi ve Ticaret Ltd. Şti.	12	12
Other	160	160
	6.438	**3.118**

17. Investments Recognized Using the Equity Method

	31.12.2022	**31.12.2021**
Otoyol Yatırım ve İşletme A.Ş.	17.551.788	10.397.717
FNSS Middle East Co Ltd.	8.996	6.413
	17.560.784	**10.404.130**

Otoyol Yatırım ve İşletme A.Ş., which is valued by the Group's equity method and owns 25,95% (31 December 2021: 25,95%), has a total equity value of TL 67.636.947 thousand as of 31 December 2022 (31 December 2021: TL 40.068.272 thousand), and Otoyol Yatırım ve İşletme A.Ş.'s registered value in Nurol İnşaat as of 31 December 2022 is TL 17.551.788 thousand (31 December 2021: TL 10.397.717 thousand).

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 2022 and 2021, the share of the Group's investment in the profits valued by the equity method is TL 7.155.811 thousand and TL 5.514.162 thousand, respectively.

(All amounts in thousands TL unless otherwise indicated)

18. Goodwill

	31.12.2022	31.12.2021
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 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 2022 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 2022 and 2021 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 TL 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 TL 95.948 thousand for the capital TL 45.744 thousand of Batı Anadolu Madencilik Sanayi ve Ticaret A.Ş. Goodwill in the amount of TL 50.204 thousand has been paid for this purchase.

(All amounts in thousands TL unless otherwise indicated)

19. Property, Plant and Equipment

a) Other Property, Plant and Equipment

	31.12.2021	Additions	Disposals	Revaluation (*)	Foreign currency translation differences	Exclusion from consolidation	Transfer	31.12.2022
Cost								
Land	167.744	--	--	--	61.670	--	--	229.414
Land improvements	514.159	19.509	(26)	--	223.540	--	--	757.182
Buildings	2.601.732	44.800	(16.193)	305.360	1.093.137	(1.404)	9.207	4.036.639
Leasehold improvements	26.997	240	(1.749)	--	7.187	--	--	32.675
Machinery and equipment	3.873.475	146.708	(290.172)	--	1.316.647	(1.049)	132.044	5.177.653
Motor vehicles	467.339	27.821	(12.124)	--	324.576	--	537	808.149
Fixtures and fittings	637.204	92.325	(85.670)	--	231.133	(2.127)	62.580	935.445
Other property, plant and equipment	757.596	50.750	(34.628)	--	334.379	--	3.202	1.111.299
Construction in progress	125.624	269.551	(1.554)		37.248	--	(208.878)	221.991
	9.171.870	**651.704**	**(442.116)**	**305.360**	**3.629.517**	**(4.580)**	**(1.308)**	**13.310.447**
Accumulated depreciation (-)								
Land improvements	188.250	39.090	(7)	--	85.411	--	83	312.827
Buildings	875.411	175.604	(4.048)	(9.809)	404.549	(1.404)	(1.761)	1.438.542
Leasehold improvements	10.778	4.262	(1.749)	--	920	--	8	14.219
Machinery and equipment	1.809.720	310.233	(203.635)	126.484	571.226	(820)	(4.851)	2.608.357
Motor vehicles	241.488	42.750	(2.922)	26.283	133.841	--		441.440
Fixtures and fittings	433.044	53.083	(78.795)	--	179.734	(331)	466	587.201
Other property, plant and equipment	684.726	55.735	(34.628)	--	290.347	--	(3.012)	993.168
	4.243.417	**680.757**	**(325.784)**	**142.958**	**1.666.028**	**(2.555)**	**(9.067)**	**6.395.754**
Net Book Value	**4.928.453**							**6.914.693**

(*) The factory building of Nurol Teknoloji Sanayi ve Madencilik A.Ş. located in Kazan and Gölbaşı have been revalued with the expertise report provided in 2022 by Smart Kurumsal Değerleme ve Danışmanlık A.Ş. The valuation difference between the valued amount and the recorded amount (according to the appraisal report) has been recorded under the " Revaluation and reclassification gains / (loss)" account under equity in the accompanying consolidated financial statements.

(**) Nurol LLC adopted the revaluation method for its assets. The book value of the assets are revised annually in line with the expertise determined by the Group Management and the accumulated depreciation figures were revised accordingly.

(All amounts in thousands TL unless otherwise indicated)

19. Property, Plant and Equipment (Continued)

a) Other Property, Plant and Equipment (Continued)

	31.12.2020	Additions	Disposals	Revaluation	Foreign currency translation differences	Transfer	31.12.2021
Cost							
Land	108.761	--	--	--	58.983	--	167.744
Land improvements	283.899	10.166	(480)	--	220.574	--	514.159
Buildings	1.493.127	56.400	(17.849)	740	1.071.863	(2.549)	2.601.732
Leasehold improvements	25.652	10.268	(54)	--	467	(9.336)	26.997
Machinery and equipment	2.451.444	201.732	(21.117)	--	1.240.966	450	3.873.475
Motor vehicles	320.852	50.197	(12.291)	--	108.581	--	467.339
Fixtures and fittings	402.335	35.496	(23.273)	--	222.163	483	637.204
Other property, plant and equipment	459.227	9.802	(26.191)	--	314.758	--	757.596
Construction in progress	40.851	97.748	(1.670)		5.506	(16.811)	125.624
	5.586.148	**471.809**	**(102.925)**	**740**	**3.243.861**	**(27.763)**	**9.171.870**
Accumulated depreciation (-)							
Land improvements	75.364	53.453	(388)	--	59.933	(112)	188.250
Buildings	383.037	207.303	(7.619)	--	336.673	(43.983)	875.411
Leasehold improvements	12.014	398	(54)	--	336	(1.916)	10.778
Machinery and equipment	938.987	331.529	(14.784)	(22.556)	578.133	(1.589)	1.809.720
Motor vehicles	172.207	20.215	(10.555)	(2.295)	61.237	679	241.488
Fixtures and fittings	295.375	39.789	(15.704)	--	112.811	773	433.044
Other property, plant and equipment	393.599	65.128	(21.126)	--	295.899	(48.774)	684.726
	2.270.583	**717.815**	**(70.230)**	**(24.851)**	**1.445.022**	**(94.922)**	**4.243.417**
Net Book Value	**3.315.565**						**4.928.453**

(All amounts in thousands TL unless otherwise indicated)

19. Property, Plant and Equipment (Continued)

b) Mining Assets

	31.12.2021	Additions	Disposals	Foreign currency translation differences	31.12.2022
Acquisition Costs					
Mining development cost (*)	1.419.330	289.443	--	663.224	2.371.997
Mining rehabilitation cost	134.578	113.076	--	73.994	321.648
Acquisition of Mining Rights (**)	1.746.160	78.091	--	779.881	2.604.132
	3.300.068	**480.610**	**--**	**1.517.099**	**5.297.777**
Accumulated Depreciation (-)					
Mining development cost	462.924	178.637	--	227.242	868.803
Mining rehabilitation cost	49.573	42.205	--	27.328	119.106
Acquisition of mining rights	95.324	50.186	--	48.531	194.041
	607.821	**271.028**	--	**303.101**	**1.181.950**
Net Book Value	**2.692.247**				**4.115.827**

	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**

(All amounts in thousands TL unless otherwise indicated)

19. Property, Plant and Equipment (Continued)

b) Mining Assets (continued)

(*) *Exploration, Drilling and Development Expenses in*

As of 31 December 2022 and 2021, the details of Tümad Madencilik's exploration, drilling and development expenses in the field of mining are as follows:

	31.12.2022	31.12.2021
Lapseki Project	1.038.401	640.831
İvrindi Projects	1.206.724	716.893
Other	126.872	61.606
	2.371.997	**1.419.330**

(**) *Mining Rights:*

Tümad Mining has 12 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
88276	Balıkesir	İvrindi	21.01.2014	Operating license	30
17798	Çanakkale	Lapseki	16.12.2019	Operating license	10
27480	Çanakkale	Lapseki	15.11.2019	Operating license	10
79099	Çanakkale	Lapseki	16.12.2019	Operating license	10
69703	Çanakkale	Lapseki	16.12.2019	Operating license	10
88919	Çanakkale	Çan	17.07.2018	Operating license	10
61515	Çanakkale	Merkez	29.05.2019	Operating license	10
200706189	Balıkesir	Gönen	17.09.2020	Operating license	10
68955	Çanakkale	Lapseki	20.01.2020	Operating license	15
202201052	Balıkesir	İvrindi	06.07.2022	Exploration license	1
202201233	Gümüşhane	Torul	08.09.2022	Exploration license	1

(All amounts in thousands TL unless otherwise indicated)

20. Investment Properties

	31.12.2021	Additions	Disposals	Revaluation differences	Foreign currency translation differences	Transfer	Cancellation of revaluation	31.12.2022
Cost								
Land								
- Nurol İnşaat (*)	615.354	--	(64.298)	--	--	(4.500)	(34.169)	512.387
Buildings								
- Nurol İnşaat	577.311	769	(12.490)	--	--	(336)	--	565.254
- Georgia Batumi Sheraton Hotel (**)	674.088	--	--	896.899	226.853	8.417	--	1.806.257
- Turser (***)	490.826	4	--	377.525	--	424	--	868.779
- Kuşadası Asena Hotel	19.176	--	--	--	--	--	--	19.176
- Nurol Holding	12.172	19	--	--	--	(19)	--	12.172
- Karum Offices	5.430	--	--	--	--	--	--	5.430
	2.394.357	**792**	**(76.788)**	**1.274.424**	**226.853**	**3.986**	**(34.169)**	**3.789.455**
Nurol Gayrimenkul:								
- Nurol Plaza	71.050	--	--	49.700	--	--	--	120.750
- Nurol Tower	482.714		(181.404)	189.255	--	--	--	490.565
- Oasis Bodrum	18.530	475	--	10.657	--	--	--	29.662
- Oasis Cadde	287.638	292	--	89.721	--	--	--	377.651
- Nurol Residence	37.800	--	(9.150)	33.640	--	--	--	62.290
- Karum AVM	700	--	--	750	--	--	--	1.450
- Nurol Life	166.588	--	(10.442)	83.740	--	--	--	239.886
	1.065.020	**767**	**(200.996)**	**457.463**	**–**	**–**	**–**	**1.322.254**
	3.459.377							**5.111.709**
Accumulated depreciation (-)								
Buildings								
- Nurol İnşaat	61.696	13.467	(559)	--	--	(7.224)	--	67.380
- Georgia Batumi Sheraton Hotel	151.065		--	(266.047)	98.046	17.667	--	731
- Turser	97.250	5.170	--	(2.516)	--	412	--	100.316
- Nurol Holding	266	19	--	--	--	--	--	285
- Karum Offices	2.789	218	--	--	--	3	--	3.010
- Kuşadası Asena Hotel	1.310	63	--	--	--	(27)	--	1.346
	314.376	**18.937**	**(559)**	**(268.563)**	**98.046**	**10.831**	**–**	**173.068**
Net Book Value	**3.145.001**							**4.938.641**

(*) The lands recognized under investment properties located in Alacaatlı / Ankara, Yakuplu Village / Istanbul and Antalya have been sold in 2022 and therefore, the valuation difference amounting to TL 34.169 thousand has been cancelled and it has been shown as “Investment property valuation cancellation” in equity.

(**) Sheraton Hotel Batumi has been revalued in 2022 with the expertise report provided by Colliers Georgia. The valuation difference between the valued amount and the recorded amount (according to the appraisal report) has been recorded under the "income from investment activities" account in the profit / loss statement in the accompanying consolidated financial statements.

(***) Sheraton Hotel ve Convention Centre - Lugal has been revalued with the expertise report provided in 2022 by Emsal Gayrimenkul Değerleme ve Danışmanlık A.Ş. The valuation difference between the valued amount and the recorded amount (according to the appraisal report) has been recorded under the "income from investment activities" account in the profit / loss statement in the accompanying consolidated financial statements.

(All amounts in thousands TL unless otherwise indicated)

20. Investment Properties (Continued)

	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	19.176	--	--	--	--	--	19.176
- Nurol Holding	13.313	--	--	--	--	(1.141)	12.172
- Karum Offices	5.430	--	--	--	--	--	5.430
	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 Cadde	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**
	3.183.820						**3.459.377**
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**

(All amounts in thousands TL unless otherwise indicated)

21. Depreciation and Amortization

	31.12.2022	**31.12.2021**
Property, plant and equipment (Note 19)	680.757	717.815
Investment properties (Note 20)	18.937	14.558
Intangible assets (Note 22)	134.402	77.838
Mining assets depreciation (Note 19)	271.028	223.233
	1.105.124	**1.033.444**

The distribution of depreciation and amortization charges is as follows:

	01.01-31.12.2022	**01.01-31.12.2021**
Production costs	650.216	728.992
Cost of services	250.790	200.444
General administrative expenses	91.422	78.674
Marketing, selling and distribution expenses	23.611	11.012
Research and development expenses	89.077	11.625
Idle capacity expenses	8	2.697
	1.105.124	**1.033.444**

(All amounts in thousands TL unless otherwise indicated)

22. Intangible Assets

	31.12.2021	Additions	Disposals	Exclusion from consolidation	Foreign currency translation differences	Transfer	31.12.2022
Cost							
Rights	247.988	64.914	(129)	(2.522)	74.667	(2.566)	382.352
Energy licenses (*)	514.938	31		--	--	(109)	514.860
Establishment expenses	64	--	--	(6)	--	(3)	55
Other development expenses (**)	241.049	182.698	--	--	201.026	179.010	803.783
Other intangible assets	180.581	1.142	(2.489)	--	--	(179.010)	224
	1.184.620	**248.785**	**(2.618)**	**(2.528)**	**275.693**	**(2.678)**	**1.701.274**
Accumulated amortization (-)							
Rights	194.732	35.623	(129)	(1.870)	62.659	(2.210)	288.805
Energy licenses (*)	22.028	18.241	--	--	--	821	41.090
Establishment expenses	64	--	--	(6)	--	(3)	55
Other development expenses (**)	143.979	79.813	--	--	71.380	(373)	294.799
Other intangible assets	327	725	(829)	--	--	1	224
	361.130	**134.402**	**(958)**	**(1.876)**	**134.039**	**(1.764)**	**624.973**
Net Book Value	**823.490**						**1.076.301**

(All amounts in thousands TL unless otherwise indicated)

22. Intangible Assets (Continued)

	31.12.2020	Additions	Disposals	Revaluation	Foreign currency translation differences	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**

(All amounts in thousands TL unless otherwise indicated)

22. Intangible Assets (Continued)

(*) *Energy Licenses*

In 2013, the Group purchased the operating rights of Göksu Hydroelectric Power Plant through the privatization costing TL 119.738 thousand (USD 52.500 thousand) for 49 years. Göksu Hydroelectric Power Plant has a production license in the amount of TL 492.000 and 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 TL 22.860 thousand and obtained from EMRA.

(**) *Development Expenses*

Research and development center 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 01.08.2015; 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 November 2018, the Company continues to benefit from the incentives and exemptions provided to research and development centers under Law No. 5746.

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

23. Provisions, Contingent Assets and Liabilities

Current provisions	**31.12.2022**	**31.12.2021**
Provision for litigations	127.100	85.327
Provision for cost expenses	747.362	544.106
Provisions for non-cash loans	7.017	7.426
	881.479	**636.859**

Non-current provisions	**31.12.2022**	**31.12.2021**
Rehabilitation provision (*)	311.552	129.447
Other	1.382	1.090
	312.934	**130.537**

(*) The rehabilitation provision for 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.

(All amounts in thousands TL unless otherwise indicated)

23. Provisions, Contingent Assets and Liabilities (Continued)

	31.12.2022	**31.12.2021**
Legal cases in favor of the Group	85.062	148.820
Legal cases against the Group	141.755	99.580

As of 31 December 2022, the total amount of pending lawsuits against the Group is approximately TL 141.755 thousand (31 December 2021: TL 99.580 thousand. As of 31 December 2022, the Group has set aside a provision of TL 127.100 thousand (31 December 2021: TL 85.327 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:

	31.12.2022		**31.12.2021**	
	Original Currency	**TL Equivalent**	**Original Currency**	**TL Equivalent**
Letters of guarantee received				
- TL	273.985	273.985	233.790	233.790
- USD	24.686	461.593	18.634	241.821
- EUR	21.888	436.342	27.927	410.039
Cheques and notes received				
- TL	21	21	21	21
-USD	3	51	3	35
		1.171.992		**885.706**

As of 31 December 2022 and 2021, the tables regarding the Group's collateral/pledge/mortgage ("CPM") position are as follows:

		31.12.2022	**31.12.2021**
A	CPM's given in the name of own legal personality	19.539.985	17.620.918
B	CPM's given on behalf of the fully consolidated companies	17.821.331	12.884.300
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	--	--
		37.361.316	**30.505.218**

(All amounts in thousands TL unless otherwise indicated)

23. Provisions, Contingent Assets and Liabilities (Continued)

	Original Amount					31.12.2022
	TL	USD	EURO	DZD	RON	TL Equivalent
Letter of guarantee	844.257	249.324	156.774	949.041	83.007	9.093.458
Mortgages	2.232.200	86.000	65.000	--	--	5.136.023
Suretyship	--	284.010	--	--	--	5.310.504
	3.076.457	**619.334**	**221.774**	**949.041**	**83.007**	**19.539.985**

	Original Amount					31.12.2021
	TL	USD	EURO	DZD	RON	TL Equivalent
Letter of guarantee	690.510	209.051	134.566	938.819	105.124	5.776.988
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**	**17.620.918**

(All amounts in thousands TL unless otherwise indicated)

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 USD 150.000 thousand on a first-degree guarantee.

Enova Enerji's receivables from electricity sales contracts of Ceyhan HEPP facility after beginning its operations were mortgaged in favor 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, TL 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 favor 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 favor 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 favor of Akbank, the "Security Agent".

Electricity sales revenues and receivables of Nurol Göksu Elektrik Üretim A.Ş. has been has been assigned in favour of Nonpositive.

As a guarantee for the loan used by Nurol Göksu Elektrik Üretim A.Ş., the relevant accounts have been pledged in favor of Bankpozitif.

The shares of Nurol Göksu Elektrik Üretim A.Ş. have been pledged in favor of Bankpozitif.

24. Employee Benefits

a) Liabilities for employee benefits

	31.12.2022	**31.12.2021**
Due to personnel	49.617	21.594
Social security premiums payable	54.864	26.042
	104.481	**47.636**

b) Provisions for employee benefits

	31.12.2022	**31.12.2021**
Current provisions	126.700	48.063
Non-current provisions	240.432	127.959
	367.132	**176.022**

(All amounts in thousands TL unless otherwise indicated)

24. Employee Benefits (Continued)

b.1) Current provisions for employee benefits

	31.12.2022	31.12.2021
Unused vacation provision	126.700	48.063
	126.700	**48.063**

b.2) Non-current provisions for employee benefits

	31.12.2022	31.12.2021
Provision for employee termination benefits	240.432	127.959
	240.432	**127.959**

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 Group, 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 TL 15.371,40 for each period of service at 31 December 2022 (31 December 2021: TL 10.848,59). As of 1 January 2023, the severance pay ceiling to be applied has been increased to TL 19.982,83 per month.

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.

	31.12.2022	31.12.2021
Discount rate	22,20 %	21,00 %
Annual inflation rate	19,90 %	16,40 %

25. Other Assets and Liabilities

Other current assets	**31.12.2022**	**31.12.2021**
VAT carried forward	419.323	453.000
Receivables from tax administration	421.506	228.491
Advances given to subcontractors (*)	379.993	130.205
Advances given for business purposes	46.844	10.374
Accrued income	5.901	7.191
Other	1.321	261
	1.274.888	**829.522**

(*) TL 218.655 thousand of advances given to subcontractors consists of the advances given to the subcontractors of Nurol İnşaat and TL 160.926 thousand to the subcontractors of Tümad Madencilik.

(All amounts in thousands TL unless otherwise indicated)

25. Other Assets and Liabilities (Continued)

Other current liabilities	**31.12.2022**	**31.12.2021**
Taxes and funds payable	1.359.823	175.318
Other (*)	327.543	283.641
	1.687.366	**458.959**

(*) USD 17.517 thousand equivalent to TL 327.543 thousand 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	**31.12.2022**	**31.12.2021**
Nurol İnşaat Algeria Branch	2.550	1.091
	2.550	**1.091**

26. Equity

a. Share Capital

	Share rate (%)	**31.12.2022**	**31.12.2021**
Nurettin Çarmıklı	33,31	258.455	258.455
Figen Çarmıklı	33,31	258.455	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**
Share capital 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 TL 1 each.

(All amounts in thousands TL unless otherwise indicated)

26. Equity (Continued)

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

	31.12.2022	31.12.2021
Fixed assets revaluation fund	1.251.273	1.191.769
Actuarial gains/ losses	(49.479)	(3.962)
	1.201.794	**1.187.807**

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.

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

	31.12.2022	31.12.2021
Foreign currency translation	4.403.752	3.571.018
Revaluation of financial assets available for sale	63.608	5.221
Cash flow hedge gains	(181.545)	5.778
	4.285.815	**3.582.017**

d. Restricted Reserves

	31.12.2022	31.12.2021
Legal reserves	406.132	91.967
Statue reserves	(83.964)	68.804
Extraordinary reserves	249.837	343.709
	572.005	**504.480**

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.

(All amounts in thousands TL unless otherwise indicated)

26. Equity (Continued)

e. Non-Controlling Interest

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 2022 and 2021 movements of non-controlling interest is as follows:

31 December 2020 minority interest	**588.355**
Capital change	73.586
Minority share of other prior year profit and loss adjustments	179.296
Minority share of profit/loss for the period	(158.888)
31 December 2021 minority interest	**682.349**
Capital change	10.326
Minority share of other prior year profit and loss adjustments	(32.953)
Minority share of profit/loss for the period	323.338
31 December 2022 minority interest	**983.060**

27. Revenue and Cost of Sales

	01.01-31.12.2022	**01.01-31.12.2021**
Domestic sales	17.357.778	8.592.637
Export sales	6.797.264	2.974.407
Sales discount (-)	(20.847)	(11.796)
Revenue	**24.134.195**	**11.555.248**
Cost of sales (-)	**(15.107.160)**	**(7.682.844)**
Gross profit from trading activities	**8.658.613**	**3.872.404**
Revenue from financial sector activities	2.665.074	710.080
Cost of financial sector activities (-)	(961.673)	(337.704)
Gross profit from financial sector activities	**1.703.401**	**372.376**
Gross profit	**10.730.436**	**4.244.780**

(All amounts in thousands TL unless otherwise indicated)

28. Expenses by Nature

	01.01-31.12.2022	01.01-31.12.2021
General administrative expenses	1.057.008	510.466
Marketing, selling and distribution expenses	560.012	193.052
Research and development expenses	279.852	126.063
	1.896.872	**829.581**

29. Other Operating Income and Expense

Other operating income	01.01-31.12.2022	01.01-31.12.2021
Unwind of provisions	123.999	4.421
Unwind of provisions (FNSS)	34.631	44.677
Incentive income	27.293	13.686
Income from forward transactions	30.218	--
Other income (Nurol Bank)	18.420	--
Other income (Nurol GYO)	15.043	7.401
Scrap, raw material and material sales income	14.260	7.162
Insurance income	12.539	8.439
Insurance income Nurol LLC	7.323	7.394
Other income (Tümad)	6.236	4.521
Commission income	4.542	26
Rediscount income	4.428	666
Other income (FNSS)	3.002	6.048
Other	26.775	245
	328.709	**104.686**

Other operating expenses	01.01-31.12.2022	01.01-31.12.2021
Penalty expenses paid in accordance with contracts (*)	(187.952)	(147.320)
Other expenses (Algeria Branch)	(106.480)	--
Provision expenses	(55.378)	(66.025)
Law amendment expenses	(50.850)	(274.970)
Donation and grants	(45.077)	(26.795)
Severance pay interest expense	(7.749)	(2.673)
Scrap, raw material and material sales income	(2.803)	(2)
Rediscount expenses	(1.133)	(4.635)
Commission expenses	(163)	(358)
Idle capacity expenses	(8)	(4.604)
Other	(21.547)	(104.644)
	(479.140)	**(632.026)**

(*) Within the scope of the ballistic protective vest, special operations carrier vest and armored cabin contracts that Nurol Teknoloji signed with the Republic of Turkey Presidency of Defense Industries in the past, penalties were imposed by the Presidency of Defense Industry in accordance with the articles of the contract. In return for this penalty, the Company will not make any cash payments and the penalties will be deducted with the delivery of the products within the scope of the Project. The last product will be delivered as of March 2023 and the balance will have been settled.

(All amounts in thousands TL unless otherwise indicated)

30. Income and Expenses from Investment Activities

Income from investing activities	01.01-31.12.2022	01.01-31.12.2021
Revaluation differences of investment properties	2.125.425	190.265
Profit on sale of property, plant and equipment	239.340	13.015
Securities sales income	103.601	27.177
Dividend income	20.352	482
Rent income	10.933	41.429
Profit on sales of subsidiaries	730	40
	2.500.381	**272.408**

Expenses from investing activities	01.01-31.12.2022	01.01-31.12.2021
Loss on property, plant and equipment sales	(50.811)	(1.015)
Securities sales expenses	(77.278)	(64.353)
Loss on sales of subsidiaries	(730)	(2.435)
Revaluation differences of investment properties	--	(5.242)
	(128.819)	**(73.045)**

31. Financing Income and Expense

Financing income	01.01-31.12.2022	01.01-31.12.2021
Foreign exchange income	2.451.933	2.226.310
Interest income	81.640	143.436
Revaluation of derivative financial instruments	39.793	7.840
	2.573.366	**2.377.586**

Financing expenses	01.01-31.12.2022	01.01-31.12.2021
Foreign exchange expenses	(5.622.746)	(5.801.229)
Interest expenses	(4.848.739)	(2.451.479)
Letter of guarantee expenses	(41.100)	(23.934)
Bank commission expenses	(294.973)	(75.640)
Revaluation of derivative financial instruments	--	(25.046)
	(10.807.558)	**(8.377.328)**

32. Tax Assets and Liabilities

The Group is subject to Turkish corporate taxes. A provision is made in the accompanying financial statements for the estimated charge based on the Group's results for the period.

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. Within the scope of the mentioned law, deferred tax assets and liabilities in the consolidated financial statements as of 31 December 2022, will have a tax effect of 23% for the part of the temporary differences that will have tax effect in 2022, and 20% for the part of the temporary differences that will have a tax effect in 2023 and in the future.

(All amounts in thousands TL unless otherwise indicated)

32. Tax Assets and Liabilities (Continued)

The Group is subject to taxation in accordance with the tax regulations and the legislation effective in the countries in which the Group companies operate. In Turkey, the tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provision for taxes, as reflected in the consolidated financial statements, has been calculated on a separate-entity basis.

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.

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 31 December 2022, 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 tax system, income is accounted for in accordance with International Financial Reporting Standards (IFRS). The corporate tax rate in Georgia is 15%. Branch income is taxed at a general 15% rate upon 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%.

Tax provision in the statement of the financial position	**31.12.2022**	**31.12.2021**
Current tax provision	389.124	201.589
	389.124	**201.589**

Tax provision in the statement of income	**01.01-31.12.2022**	**01.01-31.12.2021**
Provision for corporate tax for current period	(621.652)	(155.701)
Deferred tax income / (expense)	593.255	(159.640)
	(28.397)	**(315.341)**

Current	**31.12.2022**	**31.12.2021**
Prepaid taxes (-) (*)	(406.562)	(302.189)
	(406.562)	**(302.189)**

(*) 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 23% (2021: 25%). This prepaid corporation tax can be recovered by deduction from future corporation tax liabilities. Recovery by deduction from other taxes is also possible.

Non-current	**31.12.2022**	**31.12.2021**
Prepaid taxes (-) (**)	190.953	149.189
Non-current VAT receivables	--	117.461
	190.953	**266.650**

(**) 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.

(All amounts in thousands TL unless otherwise indicated)

32. Tax Assets and Liabilities (Continued)

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.

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

Cumulative temporary differences	31.12.2022	31.12.2021
Investment incentive	479.152	419.301
Research and development incentive discount carried forward	2.265.160	957.601
Expense accruals	--	226.913
Credit interest accrual, net	(27.790)	10.486
Provisions for employee benefits	219.568	91.931
Expense written assets	47.265	72.073
Cash capital increase	--	19.791
Doubtful debt provision	13.214	17.318
Provisions for litigation	104.300	71.689
Unused vacation provision	29.033	15.141
Warranty and assembly expenses	89.826	1.090
Expected credit loss	35.374	--
Taxable losses	2.089.883	1.493.448
Tangible and intangible assets adjustment	64.853	--
Revaluation of tangible and intangible assets	173.340	(2.372)
Derivative financial instruments, net	830.079	435.029
Exchange rate differences, net	560	(2.967)
Other provisions	--	398.992
Income accruals	301.024	(8.066)
Tax effect of prepaid loan interest	(12.722)	--
Carrying value and tax value net difference of inventories	--	(13)
Trade and other receivables	5.448	(5.947.866)
Valuation of investment properties	(1.340.000)	(137.628)
Time deposit interest accrual	--	(4)
Valuation of financial investments	(1.022)	136.498
Rehabilitation provision	103.570	39.658
Financial expenses not accrued (net)	(3.500)	(2.829)
Depreciation adjustment	7.048	(6.363)
Ongoing constructions, net	1.057.438	813.100
Affiliate provision expense, net	(18.196)	5.429
The net difference in the carrying value and tax value of tangible and intangible assets, net	(730.361)	(451.464)
Differences in depreciation and amortization periods of tangible and intangible assets	--	(82.934)
Ongoing contracts	(8.888.904)	11.061
Presentation currency conversion variances	3.260.739	309.381
Other, net	459.018	(29.165)
	613.397	**(1.125.741)**

(All amounts in thousands TL unless otherwise indicated)

32. Tax Assets and Liabilities (Continued)

Deferred tax assets / (liabilities)	**31.12.2022**	**31.12.2021**
Investment incentive	110.205	104.825
Research and development incentive discount carried forward	520.987	239.400
Expense accruals	--	56.728
Credit interest accrual, net	(6.391)	2.622
Provisions for employee benefits	50.501	22.983
Expense written assets	10.871	18.018
Cash capital increase	--	4.948
Doubtful debt provision	3.039	4.330
Provisions for litigation	23.989	17.922
Unused vacation provision	6.678	3.785
Warranty and assembly expenses	20.660	273
Expected credit loss	8.136	--
Taxable losses	480.673	373.362
Tangible and intangible assets adjustment	14.916	--
Revaluation of tangible and intangible assets	190.918	108.757
Derivative financial instruments, net	129	(741)
Exchange rate differences, net	--	99.748
Other provisions	69.236	(2.017)
Income accruals	(2.926)	--
Tax effect of prepaid loan interest	--	(3)
Carrying value and tax value net difference of inventories	1.253	(1.486.967)
Trade and other receivables	(308.200)	(34.407)
Valuation of investment properties	--	(1)
Time deposit interest accrual	(235)	34.125
Valuation of financial investments	23.821	9.915
Rehabilitation provision	(805)	(707)
Financial expenses not accrued (net)	1.621	(1.591)
Depreciation adjustment	243.210	203.275
Ongoing constructions, net	(4.185)	1.357
Affiliate provision expense, net	(167.983)	(112.866)
The net difference in the carrying value and tax value of tangible and intangible assets, net	--	(20.734)
Differences in depreciation and amortization periods of tangible and intangible assets	39.868	(593)
Ongoing contracts	(2.044.448)	2.765
Presentation currency conversion variances	749.970	77.341
Other, net	105.577	(7.231)
Deferred tax assets / (liabilities), net	**141.085**	**(281.379)**

33. 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.

Earnings Per Share	**01.01-31.12.2022**	**01.01-31.12.2021**
Profit for the period	9.624.579	2.445.189
Profit attributable to non-controlling interest	323.338	(158.888)
Profit attributable to equity holders of the parent	**9.947.917**	**2.286.301**
Weighted average number of shares with nominal value	776.000	776.000
Earnings per share	**12,8195**	**2,9463**

(All amounts in thousands TL unless otherwise indicated)

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

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

To maintain or adjust the capital structure, the Group may obtain new loans, repay existing loans; make cash and non-cash (bonus shares) dividend payments to shareholders, issue new shares based on Management's evaluation. The Group manages the capital structure so as to ensure the Group's ability to continue as a going concern; and maximize its profitability by maintaining an adequate capital to overall financing structure ratio. The Group monitors capital using a net debt to total equity ratio, which is net financial debt divided by total equity. The Group includes within net financial debt, borrowings and trade payables, less cash and cash equivalents. The Group's net financial debt / total financing used ratios are as follows:

	31.12.2022	31.12.2021
Total financial liabilities	38.617.079	25.010.150
Less: cash and cash equivalents	(9.416.594)	(6.277.009)
Net financial debt	**29.200.485**	**18.733.141**
Total equity	19.964.275	8.275.534
Less: revaluation of tangible fixed assets	(1.251.273)	(1.191.769)
Total financing used	**47.913.487**	**25.816.906**
Net financial debt / Total financing used	**61 %**	**73 %**

b) Financial Risk Factors

The Group's principal financial instruments are cash, short-term time deposits and bank borrowings. The main purpose of use of these financial instruments is to raise finance for the Group's operations and to hedge interest rate risk. The Group has various other financial instruments such as trade receivables and trade payables, which arise directly from its operations. The main risks arising from the Group's financial instruments are liquidity risk, foreign currency risk, interest rate risk and credit risk.

b.2) Liquidity Risk

Liquidity risk is the risk that an entity will be unable to meet its net funding requirements. The Group manages its liquidity needs by regularly planning its cash flows or by maintaining sufficient funds and borrowing sources by matching the maturities of liabilities and assets. 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 is exposed to financial risks arising from changes in currency rate, interest rate and price risk which arise directly from its operations. The market risks that the Group is exposed to are measured on the basis of sensitivity analysis. When compared to prior periods, there has been no change in the Group's exposure to market risks, hedging methods used or the measurement methods used for such risks.

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 TL. 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.

	31.12.2022	31.12.2021
Foreign currency assets	12.571.968	7.717.977
Foreign currency liabilities	(23.320.588)	(20.947.037)
Net foreign currency position	**(10.748.620)**	**(13.229.060)**

(All amounts in thousands TL unless otherwise indicated)

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

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

31.12.2022	**USD**	**EUR**	**GBP**	**RUB**	**DZD**	**AED**	**RON**	**GEL**	**PLN**	**Other currencies TL equivalent**	**TL Equivalent**
1. Trade receivables	126.462	43.132	--	--	6.256.485	43.689	23.752	708	--	273.968	4.673.127
2a. Monetary financial assets, (cash and banks)	62.995	65.115	8	278	23.001	100.511	10.329	5.089	2	905.031	3.969.967
2b. Non-monetary financial assets	44.855	368	10	--	63.643	66.473	43.717	3	--	--	1.366.648
3. Other	49.084	5.534	--	--	243.082	70.206	20	277	--	267.649	1.686.351
4. Current assets (1+2+3)	**283.396**	**114.149**	**18**	**278**	**6.586.211**	**280.879**	**77.818**	**6.077**	**2**	**1.446.648**	**11.696.093**
5. Trade receivables	380	--	--	--	--	--	--	--	--	--	7.105
6a. Monetary financial assets	--	--	--	--	--	--	--	--	--	--	--
6b. Non-monetary financial assets	--	--	--	--	3.209	--	--	--	--	--	438
7. Other	5.202	--	--	--	--	--	--	6.893	--	723.195	868.332
8. Non-current assets (5+6+7)	**5.582**	**--**	**--**	**--**	**3.209**	**--**	**--**	**6.893**	**--**	**723.195**	**875.875**
9. Total assets (4+8)	**288.978**	**114.149**	**18**	**278**	**6.589.420**	**280.879**	**77.818**	**12.970**	**2**	**2.169.843**	**12.571.968**
10. Trade payables	54.519	107.476	6	--	10.340.904	172.370	32.178	936	--	389.035	5.969.779
11. Financial liabilities	43.197	110.565	--	--	--	48.110	--	--	--	1.432.439	4.687.817
12a. Other monetary liabilities	18.731	1.239	--	--	93.964	--	1.920	110	--	11.077	407.288
12b. Other non-monetary liabilities	49.406	111.988	--	--	322.815	--	--	--	--	1.322.217	4.522.530
13. Current liabilities (10+11+12)	**165.853**	**331.268**	**6**	**--**	**10.757.683**	**220.480**	**34.098**	**1.046**	**--**	**3.154.768**	**15.587.414**
14. Trade payables	--	143.502	--	--	--	--	--	--	--	--	2.860.698
15. Financial liabilities	71.750	104.380	--	--	--	86.163	--	29.919	--	--	4.066.395
16a. Other monetary liabilities	17.013	--	--	--	--	--	--	--	--	--	318.114
16b. Other non-monetary liabilities	--	--	--	--	18.697	--	5.922	23.046	--	301.651	487.967
17. Non-current liabilities (14+15+16)	**88.763**	**247.882**	**--**	**--**	**18.697**	**86.163**	**5.922**	**52.965**	**--**	**301.651**	**7.733.174**
18. Total liabilities (13+17)	**254.616**	**579.150**	**6**	**--**	**10.776.380**	**306.643**	**40.020**	**54.011**	**--**	**3.456.419**	**23.320.588**
19. Net assets of off-balance sheet derivative items	**--**	**320.402**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**6387182**
19a. Total amount of assets hedged	--	320.402	--	--	--	--	--	--	--	--	6.387.182
19b. Total amount of liabilities hedged	--	--	--	--	--	--	--	--	--	--	--
20. Net foreign assets / (liability) position	**34.362**	**(144.599)**	**12**	**278**	**(4.186.960)**	**(25.764)**	**37.798**	**(41.041)**	**2**	**(1.446.648)**	**(5.308.911)**
21.Net foreign currency asset / (liability) position(=1+2a+5+6a-10-11-12a-14-15-16a)	**(15.373)**	**(358.915)**	**2**	**278**	**(4.155.382)**	**(162.443)**	**(17)**	**(25.168)**	**2**	**(653.552)**	**(9.659.892)**

(All amounts in thousands TL unless otherwise indicated)

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

31.12.2021	**USD**	**EUR**	**GBP**	**RUB**	**DZD**	**AED**	**MAD**	**GEL**	**Other currencies TL equivalent**	**TL 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	47.448	2.385.709
2b. Non-monetary financial assets	13.668	1.925	--	--	63.263	29.299	29	10	21.285	335.855
3. Other	42.037	32.539	--	--	146.237	93.067	--	293	22.744	1.387.898
4. Current assets (1+2+3)	**238.839**	**226.280**	**15**	**278**	**509.563**	**281.650**	**1.253**	**6.111**	**102.456**	**7.589.164**
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	--	124.808
8. Non-current assets (5+6+7)	**7.086**	**--**	**--**	**--**	**3.209**	**--**	**2.158**	**7.988**	**--**	**128.813**
9. Total assets (4+8)	**245.925**	**226.280**	**15**	**278**	**512.772**	**281.650**	**3.411**	**14.099**	**102.456**	**7.717.977**
10. Trade payables	14.461	54.373	26	--	7.807.242	175.649	85	678	--	2.335.806
11. Financial liabilities	56.146	371.467	--	--	--	38.192	--	--	--	6.316.809
12a. Other monetary liabilities	75.548	5.004	--	--	214.808	--	856.209	--	--	2.276.333
12b. Other non-monetary liabilities	6.418	143.356	--	--	421.517	--	--	7	--	2.227.489
13. Current liabilities (10+11+12)	**152.573**	**574.200**	**26**	**--**	**8.443.567**	**213.841**	**856.294**	**685**	**--**	**13.156.437**
14. Trade payables	1.505	120.439	--	--	--	--	--	--	--	1.787.853
15. Financial liabilities	177.082	198.093	--	--	--	91.677	--	36.015	--	5.679.789
16a. Other monetary liabilities	10.996	--	--	--	--	--	--	--	--	142.701
16b. Other non-monetary liabilities	--	--	--	--	11.681	17.498	--	28.047	--	180.276
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**	**892.732**	**26**	**--**	**8.455.248**	**323.016**	**856.294**	**64.747**	**--**	**20.947.037**
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)**	**(301.419)**	**(11)**	**278**	**(7.942.476)**	**(41.366)**	**(852.883)**	**(50.648)**	**102.456**	**2.352.158**
21.Net foreign currency asset / (liability) position(=1+2a+5+6a-10-11-12a-14-15-16a)	**(152.604)**	**(557.560)**	**(11)**	**278**	**(7.721.987)**	**(146.234)**	**(855.070)**	**(30.885)**	**58.427**	**(12.673.880)**

(All amounts in thousands TL unless otherwise indicated)

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

	31.12.2022			
	Profit/(Loss)		Equity	
	Foreign currency appreciation	Foreign currency depreciation	Foreign currency appreciation	Foreign currency depreciation
Change of USD against TL by 10%				
1- USD net assets / liabilities	70.676	(70.676)	70.676	(70.676)
2- Hedged portion of USD risk (-)	--	--	--	--
3- USD net effect (1+2)	**70.676**	**(70.676)**	**70.676**	**(70.676)**
Change of EUR against TL by 10%				
4- Net EUR assets/liabilities	75.952	(75.952)	75.952	(75.952)
5- Hedged portion of EUR risk (-)	--	--	--	--
6- EUR net effect (4+5)	**75.952**	**(75.952)**	**75.952**	**(75.952)**
Change of other currencies against TL by 10%				
7- Net GBP assets/liabilities	(6)	6	(6)	6
8- Hedged portion of GBP risk (-)	--	--	--	--
9- GBP net effect (7+8)	**(6)**	**6**	**(6)**	**6**
Total (3+6+9)	**146.622**	**(146.622)**	**146.622**	**(146.622)**

(All amounts in thousands TL unless otherwise indicated)

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

b.3.1) Foreign Currency Risk (continued)

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 TL 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 TL 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 TL by 10%				
7- Net GBP assets/liabilities	8	(8)	8	(8)
8- Hedged portion of GBP risk (-)	--	--	--	--
9- GBP net effect (7+8)	**8**	**(8)**	**8**	**(8)**
Total (3+6+9)	**33.673**	**(33.673)**	**33.673**	**(33.673)**

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)

<u>Fair value of financial instruments</u>

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.

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

The earthquake that took place in Kahramanmaraş on 6 February 2023 and which affected many provinces of Turkey did not have a significant impact on the Group's operations.

In accordance with the Law No. 5520 and the regulations in other Laws, an additional tax of 10% will be calculated on the exemptions and deductions subject to deduction from corporate income and on the tax bases subject to reduced corporate tax within the scope of Article 32/A of the same Law, without being associated with subsequent current period's income. This tax should not be considered as an expense or deduction and should not be deducted from any other tax receivable balances. Although this issue is considered as a non-adjusting event after the reporting period within the scope of TAS 10 Events After the Reporting Period, studies on measuring the impact on the operations and financial position of the Company are still in progress.

The Law No. 7438 Amending the Social Insurance and General Health Insurance Law and the Decree Law No. 375 entered into force after being published in the Official Gazette dated 3 March 2023 numbered 32121. Efforts to measure the effects of this issue on the Group's operations, cash flows and financial position in 2023 are still ongoing as of the date of this report.

The Bank issued bonds amounting to TL 895.000. Bonds amounting to TL 150.000, with an interest rate of 23% and maturity of 92 days, sold on 12 January 2023, with amortization date on 14 April 2023, bonds amounting to TL 70.000, with an interest rate of 23% and maturity of 90 days, sold on 18 January 2023, with amortization date on 18 April 2023, bonds amounting to TL 150.000, with an interest rate of 23,25% and maturity of 88 days, sold on 30 January 2023, with amortization date on 28 April 2023, bonds amounting to TL 400.000, with an interest rate of 24,25% and maturity of 91 days, sold on 2 February 2023, with amortization date on 4 May 2023, bonds amounting to TL 25.000, with an interest rate of 25% and maturity of 21 days, sold on 6 February 2023, with amortization date on 24 February 2023, bonds amounting to TL 25.000, with an interest rate of 25% and maturity of 28 days, sold on 6 February 2023, with amortization date on 6 March 2023, bonds amounting to TL 25.000, with an interest rate of 25% and maturity of 35 days, sold on 6 February 2023, with amortization date on 13 March 2023, bonds amounting to TL 25.000, with an interest rate of 25% and maturity of 42 days, sold on 6 February 2023, with amortization date on 20 March 2023, bonds amounting to TL 25.000, with an interest rate of 25% and maturity of 49 days, sold on 6 February 2023, with amortization date on 27 March 2023, bonds amounting to TL 25.000, with an interest rate of 25% and maturity of 35 days, sold on 6 February 2023, with amortization date on 13 March 2023. The Bank issued bills amounting to TL 360.000. Bills amounting to TL 200.000, with an interest rate of 25% and maturity of 734 days, sold on 18 January 2023, with amortization date on 21 January 2025, bills amounting to TL 40.000, with an interest rate of 25% and maturity of 580 days, sold on 20 January 2023, with amortization date on 22 August 2024, bills amounting to TL 120.000, with an interest rate of 25% and maturity of 650 days, sold on 20 January 2023, with amortization date on 22 October 2024.