NUROL HOLDİNG A.Ş.
AND ITS SUBSIDIARIES
CONVENIENCE TRANSLATION INTO
ENGLISH OF CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS FOR THE INTERIM
PERIOD 01 JANUARY - 30 JUNE 2023
TOGETHER WITH THE
INDEPENDENT AUDITOR'S
LIMITED REVIEW REPORT
(ORIGINALLY ISSUED IN TURKISH)

Nurol Holding A.Ş. and its Subsidiaries

Contents

Eren Bağımsız Denetim A.Ş.
Maslak,Eski Büyükdere Cad
No.14 Kat :10
34396 Sarıyer /İstanbul,Turkey

T + 90 212 373 00 00
F + 90 212 291 77 97
www.grantthornton.com.tr

NUROL HOLDİNG A.Ş. AND ITS SUBSIDIARIES
INDEPENDENT AUDITOR'S LIMITED REVIEW REPORT
FOR THE INTERIM PERIOD 01 JANUARY - 30 JUNE 2023

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

Introduction

We have audited the accompanying consolidated financial statements of Nurol Holding A.Ş. ("the Company") and its subsidiaries, (together "the Group"), which comprise the condensed consolidated interim balance sheet as at 30 June 2023 and the condensed consolidated interim statements of profit or loss, comprehensive income, changes in equity and cash flow for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. Group management is responsible for the preparation and presentation of this interim financial information in accordance with International Financial Reporting Standards ("IAS 34"). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Limited Audit

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

Conclusion

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

Other Matters

The audit of the consolidated financial statements of Nurol Holding A.Ş. for the year ended 31 December 2022 and the limited audit of the condensed consolidated financial statements for the six-month period ended 30 June 2022 were performed by another independent audit firm. An unqualified opinion was given in the independent audit report dated 9 March 2023 prepared by the independent audit firm and the audit firm has expressed that there was no matter inconsistent with TAS 34 in the limited review report dated 19 August 2022.

EREN Bağımsız Denetim A.Ş.
Member Firm of Grant Thornton International

Nazım Hikmet
Partner

İstanbul, 21 August 2023

NUROL HOLDİNG A.Ş. AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED INTERIM BALANCE SHEETS
AS OF 30 JUNE 2023 AND 31 DECEMBER 2022

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

ASSETS	Notes	Reviewed 30 June 2023 TL	Reviewed 30 June 2023 USD	Audited 31 December 2022 TL	Audited 31 December 2022 USD
Current Assets					
Cash and Cash Equivalents	6	13.401.325	518.967	9.416.594	503.607
- Group Companies	*6*	*2.714.333*	*105.113*	*3.977.741*	*212.733*
- Nurol Investment Bank	*6*	*10.686.992*	*413.854*	*5.438.853*	*290.874*
Financial Investments	8	32.878	1.273	13.401	717
Trade Receivables					
- Trade Receivables Due from Related Parties	*5*	*79.082*	*3.062*	*31.526*	*1.686*
- Trade Receivables Due from Third Parties	*5*	*4.512.827*	*174.759*	*2.676.308*	*143.131*
Other Receivables					
- Other Receivables Due from Related Parties	*5*	*123.561*	*4.785*	*676.366*	*36.173*
- Other Receivables Due from Third Parties	*5*	*896.940*	*34.734*	*495.118*	*26.479*
Receivables from Financial Sector Activities	9	10.352.144	400.887	9.021.833	482.495
Derivative Financial Assets		286.619	11.099	188.201	10.065
Inventories	13	8.682.050	336.213	4.558.429	243.788
Unbilled Contract Costs	15	8.320.719	322.220	8.583.807	459.069
Prepaid Expenses	14	1.398.622	54.162	1.017.963	54.441
Current Tax Assets	32	76.859	2.976	406.562	21.743
Other Current Assets	25	1.560.341	60.424	1.274.888	68.182
Total Current Assets		**49.723.967**	**1.925.561**	**38.360.996**	**2.051.576**
Non - Current Assets					
Trade Receivables					
- Trade Receivables Due from Related Parties	*5*	*9.829*	*381*	*7.119*	*381*
- Trade Receivables Due from Third Parties	*5*	--	--	--	--
Other Receivables					
- Other Receivables Due from Related Parties	*5*	--	--	*94.142*	*5.035*
- Other Receivables Due from Third Parties	*12*	*1.045.464*	*40.486*	*592.051*	*31.663*
Receivables from Financial Sector Activities	9	3.093.795	119.807	1.392.642	74.480
Derivative Financial Assets		1.200.180	46.477	932.911	49.893
Investments in Associates	16	9.271	359	6.438	344
Investments Recognized Using the Equity Method	17	25.305.680	979.963	17.560.784	939.165
Unbilled Contract Costs	15	2.748.941	106.453	1.985.165	106.168
Investment Properties	20	5.641.522	218.468	4.938.641	264.122
Property, Plant and Equipment	19	15.292.210	592.191	11.030.520	589.921
Intangible Assets and Goodwill					
-Goodwill	*18*	*73.537*	*2.848*	*73.537*	*3.933*
-Other Intangible Assets	*22*	*1.325.944*	*51.347*	*1.076.301*	*57.561*
Prepaid Taxes and Funds	32	327.432	12.680	190.953	10.212
Prepaid Expenses	14	75.950	2.941	12.889	689
Deferred Tax Asset	32	1.222.212	47.330	852.532	45.594
Total Non - Current Assets		**57.371.967**	**2.221.731**	**40.746.625**	**2.179.161**
TOTAL ASSETS		**107.095.934**	**4.147.292**	**79.107.621**	**4.230.737**

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

NUROL HOLDİNG A.Ş. AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED INTERIM BALANCE SHEETS
AS OF 30 JUNE 2023 AND 31 DECEMBER 2022
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

LIABILITIES	**Notes**	**Reviewed 30 June 2023 TL**	**Reviewed 30 June 2023 USD**	**Audited 31 December 2022 TL**	**Audited 31 December 2022 USD**
Current Liabilities					
Current Borrowings	10	16.845.799	652.354	14.898.012	796.758
- Group Companies	*10*	*14.445.886*	*559.417*	*12.054.712*	*644.696*
- Nurol Investment Bank	*10*	*2.399.913*	*92.937*	*2.843.300*	*152.062*
Funds Borrowed	11	11.429.222	442.597	9.163.263	490.059
Trade Payables					
-Trade Payables to Related Parties	*5*	*2.780*	*108*	*54.229*	*2.900*
-Trade Payables to Third Parties	*5*	*14.596.780*	*565.261*	*7.551.006*	*403.834*
Payables Related to Employee Benefits	24	150.955	5.846	104.481	5.588
Other Payables					
-Other Payables to Related Parties	*5*	*51*	*2*	*115*	*6*
-Other Payables to Third Parties	*5*	*605.775*	*23.459*	*486.528*	*26.020*
Derivative Financial Liabilities		435.124	16.850	134.140	7.174
Deferred Income	14	4.266.072	165.204	2.499.294	133.664
Current Tax Liabilities	32	193.486	7.493	389.124	20.811
Deferred Contract Revenue	15	465.776	18.037	292.221	15.628
Current Provisions					
- Current Provisions for Employee Benefits	*24*	*149.897*	*5.805*	*126.700*	*6.776*
-Other Current Provisions	*22*	*1.037.908*	*40.193*	*881.479*	*47.142*
Other Current Provisions	25	4.140.148	160.327	1.687.366	90.242
Total Current Liabilities		**54.319.773**	**2.103.536**	**38.267.958**	**2.046.602**

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

NUROL HOLDİNG A.Ş. AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED INTERIM BALANCE SHEETS
AS OF 30 JUNE 2023 AND 31 DECEMBER 2022
(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

LIABILITIES	**Notes**	**Reviewed 30 June 2023 TL**	**Reviewed 30 June 2023 USD**	**Audited 31 December 2022 TL**	**Audited 31 December 2022 USD**
Non - Current Liabilities					
Non - Current Borrowings	10	16.319.314	631.966	14.555.804	778.456
- Group Companies	*10*	*16.189.805*	*626.950*	*14.462.019*	*773.440*
- Nurol Investment Bank	*10*	*129.509*	*5.015*	*93.785*	*5.016*
Trade Payables					
-Trade Payables to Related Parties	*7*	--	--	--	--
-Trade Payables to Third Parties	*7*	*2.662.236*	*103.095*	*2.017.570*	*107.901*
Other Payables					
-Other Payables to Related Parties	*12*	--	--	--	--
-Other Payables to Third Parties	*12*	*2.270.443*	*87.923*	*1.349.604*	*72.178*
Derivative Financial Liabilities		286.917	11.111	174.571	9.336
Deferred Income	14	2.461.631	95.327	1.510.476	80.781
Non - Current Provisions					
-Non – Current Provisions for Employee Benefits	*24*	*254.565*	*9.858*	*240.432*	*12.858*
-Other Non - Current Provisions	*23*	*532.078*	*20.605*	*312.934*	*16.736*
Other Non – Current Liabilities	25	--	--	2550	136
Deferred Tax Liabilities	32	1.246.583	48.274	711.447	38.049
Total Non – Current Liabilities		**26.033.767**	**1.008.158**	**20.875.388**	**1.116.431**
Total Liabilities		**80.353.540**	**3.111.694**	**59.143.346**	**3.163.033**
Equity					
Equity Attributable to Owners of Parent					
Paid-in-Capital	26	776.000	30.051	776.000	41.501
Capital Adjustment Differences	26	(62.784)	(2.431)	(62.784)	(3.358)
Other Accumulated Comprehensive Income (Loss) that will not be Reclassified in Profit or Loss					
-Losses on Remeasurements of Defined Benefit Plans	*26*	(77.189)	(2.989)	(49.479)	(2.646)
-Increases on Revaluation of Property, Plant and Equipment	*26*	1.251.273	48.456	1.251.273	66.919
-Foreign Currency Exchange Differences	*26*	7.745.155	299.931	4.403.752	235.516
Other Accumulated Comprehensive Income (Loss) that will be Reclassified in Profit or Loss					
-Change in fair value of available-for-sale financial assets	*26*	(148.145)	(5.737)	63.608	3.402
-Losses on Cash Flow Hedges	*26*	(427.099)	(16.539)	(181.545)	(9.709)
Restricted Reserves	26	751.944	29.119	572.005	30.591
Retained Earnings		12.154.043	470.666	2.583.806	138.184
Current Period Profit	33	4.223.888	213.093	9.624.579	581.503
Non – Controlling Interests	26	555.308	21.504	983.060	52.575
Total Equity		**26.742.394**	**1.085.124**	**19.964.275**	**1.134.478**
Translation difference		--	(49.526)	--	(66.774)
TOTAL LIABILITIES AND EQUITY		**107.095.934**	**4.147.292**	**79.107.621**	**4.230.737**

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

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

PROFIT OR LOSS	**Notes**	**Reviewed 1 January - 30 June 2023 TL**	**Reviewed 1 January - 30 June 2023 USD**	**Restated Reviewed 1 January - 30 June 2022 TL**	**Restated Reviewed 1 January - 30 June 2022 USD**
Revenue	27	11.794.863	595.045	8.863.989	597.574
Revenue from Financial Sector Activities	27	2.607.974	131.571	1.053.570	71.027
		14.402.837	**726.616**	**9.917.559**	**668.601**
Cost of Sales (-)	27	(8.148.443)	(411.085)	(5.126.416)	(345.602)
Cost of Sales from Financial Sector Activities (-)	27	(861.680)	(43.471)	(385.835)	(26.011)
		(9.010.123)	**(454.556)**	**(5.512.251)**	**(371.613)**
Gross Profit		**5.392.714**	**272.060**	**4.405.308**	**296.988**
General Administrative Expenses (-)	28	(948.156)	(47.834)	(445.924)	(30.062)
Marketing Expenses (-)	28	(117.166)	(5.911)	(370.434)	(24.973)
Research and Development Expenses (-)	28	(118.816)	(5.994)	(132.261)	(8.916)
Other Income from Operating Activities	29	246.601	12.441	370.092	24.950
Other Expense from Operating Activities (-)	29	(1.083.014)	(54.638)	(106.686)	(7.192)
Profit from Operations		**3.372.163**	**170.124**	**3.720.095**	**250.795**
Share of Profit (Loss) from Investments Using the Equity Method	17	7.741.472	390.553	4.221.251	284.579
Income from Investing Activities	30	682.807	34.447	588.311	39.662
Expense from Investing Activities (-)	30	(66.497)	(3.355)	(38.941)	(2.625)
Profit before Financing Income		**11.729.945**	**591.769**	**8.490.716**	**572.411**
Finance Income	31	2.684.503	135.432	1.847.331	124.539
Finance Expense (-)	31	(9.944.102)	(501.675)	(5.840.381)	(393.734)
Profit from Continuing Operations		**4.470.346**	**225.526**	**4.497.666**	**303.216**
Tax Income, Continuing Operations					
Current Period Tax (Expense)	32	(729.899)	(36.823)	(411.665)	(27.753)
Deferred Tax Income	32	79.555	4.014	75.682	5.102
Profit from Continuing Operations		**3.820.002**	**192.717**	**4.161.683**	**280.565**
Profit for the Period		**3.820.002**	**192.717**	**4.161.683**	**280.565**
Profit / (Loss), Attributable to					
Non – Controlling Interests		(403.886)	(20.376)	2.280	154
Owners of Parent		4.223.888	213.093	4.159.403	280.410
(Losses) / Earnings Per Share	*33*	4,9227	--	5,3630	--
EBITDA		**4.483.571**	**226.193**	**4.069.316**	**274.336**
- Group Companies		*2.970.801*	*149.875*	*3.502.472*	*236.122*
- Nurol Investment Bank		*1.512.770*	*76.318*	*566.844*	*38.214*

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

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

OTHER COMPREHENSIVE INCOME	Reviewed 1 January - 30 June 2023	Restated Reviewed 1 January - 30 June 2022
Profit for the Period	**3.820.002**	**4.161.683**
Other Comprehensive Income that will not be Reclassified to Profit or Loss	**3.313.693**	**184.720**
-Foreign Currency Exchange Differences	3.341.403	220.624
-Increases on Revaluation of Property, Plant and Equipment	--	(46.402)
-Gain / Loss on Remeasurements of Defined Benefit Plans	(27.710)	10.498
Other Comprehensive Income that will be Reclassified to Profit or Loss	**(457.307)**	**16.667**
-Change in fair value of available-for-sale financial assets	(211.753)	(83.881)
-Losses on Cash Flow Hedges	(245.554)	100.548
Other Comprehensive Income	**2.856.386**	**201.387**
Total Comprehensive Income	**6.676.388**	**4.363.070**
Total Comprehensive Income Attributable to	**6.676.388**	**4.363.070**
Non – Controlling Interests	323.338	(158.888)
Owners of Parent	6.353.050	4.521.958

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

(Amounts expressed in thousands of Turkish Lira ("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	Retained earnings	Net profit / (loss)	Equity attributable to equity holders of the parent	Non-controlling interests	Total
Balance at 01 January 2023	**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**
Transfers	--	--	--	--	--	--	179.939	--	9.444.640	(9.624.579)	--	--	--
Foreign currency translation	--	--	--	--	3.341.403	--	--	--	--	--	3.341.403	--	3.341.403
Realized loss on derivative financial instruments	--	--	--	--	--	--	--	(245.554)	--	--	(245.554)	--	(245.554)
Gain / loss on remeasurements of defined benefit plans	--	--	(27.710)	--	--	--	--	--	--	--	(27.710)	--	(27.710)
Dividends	--	--	--	--	--	--	--	--	(5.513)	--	(5.513)	--	(5.513)
Minority Interest	--	--	--	--	--	--	--	--	62.364	--	62.364	(23.866)	38.498
Change in fair value of available-for-sale financial assets	--	--	--	--	--	(211.753)	--	--	--	--	(211.753)	--	(211.753)
Prior year profit / loss adjustment	--	--	--	--	--	--	--	--	68.746	--	68.746	--	68.746
Net profit	--	--	--	--	--	--	--	--	--	4.223.888	4.223.888	(403.886)	3.820.002
Balance at 30 June 2023	**776.000**	**(62.784)**	**(77.189)**	**1.251.273**	**7.745.155**	**(148.145)**	**751.944**	**(427.099)**	**12.154.043**	**4.223.888**	**26.187.086**	**555.308**	**26.742.394**

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

NUROL HOLDİNG A.Ş. AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE INTERIM PERIODS 1 JANUARY – 30 JUNE 2023 AND 2022
(Amounts expressed in thousands of Turkish Lira ("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	Retained earnings	Net profit / (loss)	Equity attributable to equity holders of the parent	Non-controlling interests	Total
Balance at 01 January 2022	**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	--	--	--	--	--	--	61.117	--	2.384.072	(2.445.189)	--	--	--
Foreign currency translation	--	--	3.367	--	1.016.021	--	--	--	--	--	1.019.388	--	1.019.388
Realized loss on derivative financial instruments	--	--	--	--	--	(83.881)	--	--	--	--	(83.881)	--	(83.881)
Change in fair value of available-for-sale financial assets	--	--	--	--	--	--	--	100.548	--	--	100.548	--	100.548
Dividends	--	--	--	--	--	--	--	--	(10.139)	--	(10.139)	--	(10.139)
Minority Interest	--	--	--	--	--	--	--	--	(50.331)	--	(50.331)	93.981	43.650
Tübitak incentive fund	--	--	--	--	--	--	372	--	--	--	372	--	372
Gain / loss on remeasurements of defined benefit plans	--	--	7.131	--	--	--	--	--	--	--	7.131	--	7.131
Revaluation of property, plant and equipment (Nurol LLC)	--	--	--	(46.402)	--	--	--	--	--	--	(46.402)	--	(46.402)
Exclusion from consolidation effect	--	--	--	--	(795.397)	--	--	--	692.115	--	(103.282)	--	(103.282)
Prior year profit / loss adjustment	--	--	--	--	--	--	--	--	(162)	--	(162)	--	(162)
Net profit	--	--	--	--	--	--	--	--	--	4.159.403	4.159.403	2.280	4.161.683
Balance at 30 June 2022 (restated)	**776.000**	**(62.784)**	**6.536**	**1.145.367**	**3.791.642**	**(78.660)**	**565.969**	**106.326**	**2.176.031**	**4.159.403**	**12.585.830**	**778.610**	**13.364.440**

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

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

	Reviewed 1 January - 30 June 2023	Restated Reviewed 1 January - 30 June 2022
A. CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	**6.868.360**	**4.297.361**
Period profit	**3.820.002**	**4.161.683**
Adjustments to Reconcile Profit (Loss)		
Adjustments for Depreciation and Amortisation Expense	563.324	475.824
Adjustments for (Reversal of) Provisions Related with Employee Benefits	(13.577)	(32.993)
Adjustments for Profits of Investments Accounted for Using Equity Method	(7.744.896)	(4.222.855)
Other Adjustments for Provisions	321.882	202.867
Adjustments for Tax Expenses	650.345	335.983
Adjustments for Unrealised Foreign Exchange Losses (Gains)	4.303.081	1.653.662
Adjustments for Losses (Gains) Arise from revaluation of Tangible Assets	(211.954)	--
Adjustments for Interest Expense Excluding the Finance Sector	(500.000)	(247.516)
Adjustments for Fair Value (Gains) Losses on Derivative Financial Instruments	3.581.532	2.207.906
Adjustments for Losses (Gains) Arise from Sale of Tangible Assets	(197.911)	(109.911)
Adjustments for Fair Value (Gains) Losses on Financial Investments	(85.031)	(42.728)
Other Adjustments to Reconcile Profit (Loss)	(52.131)	(345)
Adjustments Related to Exclusion from Consolidation	68.745	692.077
Adjustments Related to Minority Interest	38.498	43.650
Changes in Working Capital	*2.326.451*	*(819.943)*
Decrease (Increase) in Inventories	(3.536.537)	(1.360.266)
Decrease (Increase) in Trade Receivables	(1.884.075)	314.688
Decrease (Increase) in Other Receivables Related to Operations	(208.288)	(591.982)
Changes in Assets / Liabilities from Customer Contracts	2.467.705	646.895
Increase (Decrease) in Employee Benefit Liabilities	46.474	53.535
Decrease (Increase) in Prepaid Expenses	(443.720)	(353.395)
Decrease (Increase) in Other Assets Related with Operations	(672.174)	(162.148)
Increase (Decrease) in Trade Payables	694.471	(429.925)
Increase (Decrease) in Other Payables Related to Operations	1.040.022	407.237
Increase (Decrease) in Deferred Income	2.717.933	638.284
Income Taxes Refund (Paid)	(345.592)	(92.112)
Increase (Decrease) in Other Payables Related with Operations	2.450.232	109.246
B. CASH FLOWS FROM FINANCING ACTIVITIES	**(2.508.105)**	**(4.684.071)**
Proceeds / Repayments from Borrowings	(1.987.511)	(2.163.772)
Interest Paid	(3.970.132)	(2.306.578)
Cash Flows from Finance Sector Operations, net	3.915.924	(709.113)
Dividend Paid	(5.513)	(10.139)
Nurol Bank Bill Payment	(4.836.687)	(5.935.649)
Nurol Bank Bill Issuance	4.375.814	6.441.180
C. CASH FLOWS FROM INVESTING ACTIVITIES	**(375.524)**	**(766.186)**
Cash Flows from Acquisition / Sales of Property, Plant and Equipment, net	(1.023.979)	(495.230)
Cash Flows from Acquisition / Sales of Intangible Assets, net	230.034	200.993
Dividend Received	52.131	345
Cash Flows from Currency Protected Deposits	(19.477)	(571.339)
Investments	(2.833)	--
Tübitak Incentive Fund	--	372
Interest Received	388.600	98.673
NET INCREASE (DECREASE) IN CASH AND CASH	**3.984.731**	**(1.152.896)**
D. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**9.416.594**	**6.277.009**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**13.401.325**	**5.124.113**

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

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

1. Organization and Nature of Operations 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 partnership structure of Nurol Holding as of 30 June 2023 and 31 December 2022 is as follows.

	Share Rate (%)	**30.06.2023**	**31.12.2022**
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 differences		(62.784)	(62.784)
	100	**713.216**	**713.216**

Consolidated Subsidiaries

As of 30 June 2023 and 31 December 2022, the subsidiaries included in consolidation and the rate of ownership is as follows:

	Direct Ownership Rate (%)	
	30.06.2023	**31.12.2022**
Construction Group		
Nurol İnşaat ve Ticaret A.Ş.	99,95	99,95
Nurol Gayrimenkul Yatırım Ortaklığı A.Ş. (*)	54,96	55,58
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	2,00
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
Defense Group		
FNSS Savunma Sistemleri A.Ş.	51,00	51,00
Nurol Teknoloji Sanayi ve Madencilik Ticaret A.Ş.	99,98	99,98
Nurol Makina Sanayi A.Ş.	99,99	99,99
Nurol Kontrol ve Aviyonik Sistemleri A.Ş. (***)	100,00	100,00
Nurol İleri Teknoloji Savunma Ürünleri Madencilik Sanayi Ticaret A.Ş.	70,00	70,00

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

1. Organization and Nature of Operations of the Group

Consolidated Subsidiaries (Continued)

	Direct Ownership Rate (%)	
	30.06.2023	**31.12.2022**
Mining Group		
Tümad Madencilik Sanayi ve Ticaret A.Ş.	100,00	100,00
Service Group		
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.	100,00	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 December - 29 December 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 April 2022 and numbered 10555.

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

As of 30 June 2023, the ownership rate of Nurol Holding is 2% and 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.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

1. Organization and Nature of Operations of the Group

Consolidated Subsidiaries (Continued)

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

Pursuant to the decision taken at the Ordinary General Assembly held on 28 March 2023, the paid-in capital of the Bank was increased to 1.800.000 thousand TL of which 1.050.000 thousand TL was met by internal resources. The Ordinary General Assembly Decision was announced in the Turkish Trade Registry Gazette No. 10845 dated 5 June 2023.

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 2022: 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 30 June 2023 and 31 December 2022, 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 (%)	
	30.06.2023	**31.12.2022**
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
Nurol - Gülermak-Makyol Joint Venture	33,33	33,33
Nurol - Mesa Joint Venture	50	50
Nurol - Gülsan Joint Venture	50	50

(*) Ümraniye-Ataşehir-Göztepe Metro Construction Project undertaken Nurol – Gülermak Joint Venture has been transferred to the Nurol – Gülermak – Makyol Joint Venture with a transfer agreement. The Group management has decided to liquidate Nurol – Gülermak Joint Venture as of 17 June 2023.

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".

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

1. Organization and Nature of Operations of the Group

As of 30 June 2023 and 31 December 2022, the breakdown of personnel employed within the Group is as follows:

	Number of Personnel	
	30.06.2023	**31.12.2022**
Nurol İnşaat ve Ticaret A.Ş.	7.913	8.187
Tümad Madencilik Sanayi ve Ticaret A.Ş.	953	969
FNSS Savunma Sistemleri A.Ş.	798	970
Nurol Makina Sanayi A.Ş.	595	622
Nurol Teknoloji Sanayi ve Madencilik Ticaret A.Ş.	423	434
Nurol Yatırım Bankası A.Ş.	142	92
Nurol Holding A.Ş.	136	130
Nurol Gayrimenkul Yatırım Ortaklığı A.Ş.	47	45
Nurol Kontrol ve Aviyonik Sistemleri A.Ş.	33	33
Enova Enerji Üretim A.Ş.	30	31
Nurol İşletme ve Gayrimenkul Yönetim A.Ş.	19	19
Nurol Göksu Elektrik Üretim A.Ş.	17	19
Botim İşletme Yönetim ve Ticaret A.Ş.	17	17
Bosfor Turizm İşletmecilik A.Ş.	16	16
Nurol Havacılık A.Ş.	15	14
Nurol Sigorta Aracılık Hizmetleri A.Ş.	12	13
Enova Elektrik Enerjisi Toptan Satış A.Ş.	7	6
Nurol Solar Enerji Üretim A.Ş.	6	7
Turser Turizm Servis ve Ticaret A.Ş.	5	7
Nurol Enerji Üretim ve Pazarlama A.Ş.	3	3
	11.187	**11.634**

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 30 June 2023, the Company has a 50,99% floatation rate. The Company has three completed projects open for sale in Istanbul, Nurol Tower, Nurol Life and Nurol Park..

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.

1. Organization and Nature of Operations of the Group

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 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 Toptan has been established for the purpose of selling energy to wholesale and free consumers in the field of electricity trade.

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 wholesale of electrical energy and / or capacity and sales directly to eligible consumers. In accordance with Electricity Market Law No. 4628 and the relevant legislation, the Company has obtained a wholesale license numbered ETS / 2550-9 / 1620, dated 06 May 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.

FNSS is a company of land defense systems that designs and manufactures efficient, reliable and innovative tracked and wheeled armored vehicles tailored to the needs of its customers.

FNSS exports mainly to United Arab Emirates, Malaysia, Oman, Saudi Arabia and Philippines.

1. Organization and Nature of Operations of the Group

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 27.592 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 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.

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 Defense Industries, the Company also began its activities in the field of defense industry.

Nurol Makina started its operations in 1992 in its facilities located in the First Ankara Organized Industrial Zone in Sincan. Nurol Makina, which has an outdoor area of 70.000 m2 and an enclosed area of 34.000 m2, has carried out many important projects so far and continues its activities with its experienced staff.

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.

1. Organization and Nature of Operations of the Group

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

The Company has more than 30 years of experience in the defense 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 in the field of electricity machinery, defense, 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 employer of 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 headquarters 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 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.

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.

1. Organization and Nature of Operations of the Group

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 aircraft.

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

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 the 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 headquarters 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 condensed consolidated interim financial statements are prepared in accordance with the Communiqué Serial II, No: 14.1, "Principals of Financial Reporting in Capital Markets" published in the Official Gazette numbered 28676 on 13 June 2013. According to the article 5 of the Communiqué, consolidated financial statements are prepared in accordance with Turkish Accounting Standards / Turkish Financial Reporting Standards ("TAS" / "TFRS") and its addendum and interpretations ("IFRIC") issued by the Public Oversight Accounting and Auditing Standards Authority ("POAASA" or "POA") Turkish Accounting Standards Board.

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

2.1 Basis of Presentation (Continued)

The Company and its subsidiaries operating in Turkey maintains its accounting records and prepares its statutory financial statements in accordance with the Turkish Commercial Code ("TCC"), tax legislation and the uniform chart of accounts issued by the Ministry of Finance. The condensed consolidated interim financial statements, except for land, buildings and land improvements and the financial assets and liabilities presented with their fair values, are prepared based on historical costs in TL.

The Group prepared its condensed consolidated interim financial statements for the period ended 30 June 2023 in accordance with ("TAS") 34 "Interim Financial Reporting" in the framework of the Communiqué Serial II, No: 14.1, and its related announcement. The condensed consolidated interim financial statements and its accompanying notes are presented in compliance with the format recommended by CMB including its mandatory information.

In compliance with the TAS 34, entities have preference in presenting their interim financial statements whether full set or condensed. In this framework, the Group preferred to present condensed interim financial statements. The condensed consolidated interim financial statements are presented in accordance with the "TFRS taxonomy" published by POA on 4 October 2022 and the formats specified in the Financial Statement Examples and User Guide published by CMB.

The Group's condensed consolidated interim financial statements do not include all disclosure and notes that should be included at year-end financial statements. Therefore, the condensed interim financial statements should be read together with 31 December 2022 financial statements.

Consolidated subsidiaries operating in foreign countries have prepared their financial statements in accordance with the laws and regulations of the countries in which they operate with the required adjustments and reclassifications reflected in accordance with CMB Financial Reporting Standards. These financial statements are based on the statutory records which are maintained under historical cost conversion, with the required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the TAS/TFRS.

With the decision 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 POA, has not been applied in the financial statements for the accounting year commencing from 1 January 2005.

In the announcement made by POA on 20 January 2022, companies that apply TFRS should not adjust financial statements for the year ended 31 December 2021 for TAS 29 - Financial Reporting in Hyperinflationary Economies. Afterwards, no new statement was made by the POA about the TMS 29 application, and no adjustment was made to the consolidated financial statements in accordance with TAS 29. As of the preparation date of the financial statements, POA did not make an additional announcement and no adjustment was made to the financial statements dated 30 June 2023 and 2022 and 31 December 2022 in accordance with TAS 29.

Functional and reporting presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The condensed consolidated interim financial statements are prepared and presented in Turkish Lira ("TL"), which is the functional currency of the parent company.

In order to prepare the accompanying TL consolidated financial statements and notes to the financial statements, the financial statements of branches and 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".

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

2.1 Basis of Presentation (Continued)

Functional and reporting presentation currency (continued)

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:

- As of 30 June 2023 and 31 December 2022, assets and liabilities have been converted into TL at the relevant buying rate of the CBRT as of the balance sheet dates.
- As of 30 June 2023 and 2022, income and expenses have been 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 other comprehensive income.

Going Concern

The Group 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 the future.

2.3 Comparative Information and Adjustment of Financial Statements of Previous Period

The consolidated financial statements of the Group are prepared comparative 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 consolidated financial statements have been restated as of 30 June 2022.

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 value 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.

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 Amendments in Turkish Financial Reporting Standards

The accounting policies adopted in preparation of the condensed consolidated financial statements as at 30 June 2023 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRS interpretations effective as of 1 January 2023 and thereafter.

a) Standards, amendments, and interpretations applicable as of 30 June 2023:

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

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

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

Amendment to TAS 12 - International tax reform - pillar two model rules; The deferred tax exemption and disclosure of the fact that the exception has been applied, is effective immediately. The other disclosure requirements are effective annual periods beginning on or after 1 January 2023. These amendments give companies temporary relief from accounting for deferred taxes arising from the Organization for Economic Co- operation and Development's (OECD) international tax reform. The amendments also introduce targeted disclosure requirements for affected companies.

b) Standards, amendments, and interpretations that are issued but not effective as of 30 June 2023:

Amendment to TAS 1 – Non current liabilities with covenants; effective from annual periods beginning on or after 1 January 2024. These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

Amendment to TFRS 16 – Leases on sale and leaseback; effective from annual periods beginning on or after 1 January 2024. These amendments include requirements for sale and leaseback transactions in TFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

Amendments to TAS 7 and TFRS 7 on Supplier finance arrangements; effective from annual periods beginning on or after 1 January 2024. These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.

TFRS S1, 'General requirements for disclosure of sustainability-related financial information; effective from annual periods beginning on or after 1 January 2024. This is subject to endorsement of the standards by local jurisdictions. This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain.

TFRS S2, 'Climate-related disclosures'; effective from annual periods beginning on or after 1 January 2024. This is subject to endorsement of the standards by local jurisdictions. This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.

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

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.

Stocks of ongoing housing projects

Inventories comprise of construction costs of housing units (completed and in-progress) and the cost of land used for these housing projects. Land held for future development of housing projects is 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, the 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.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

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

2.6 Summary of Significant Accounting Policies (Continued)

Property, plant and equipment (continued)

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 is 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

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 22.893 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.

(Amounts expressed in thousands of Turkish Lira ("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)

Mining extraction rights and mining exploration, drilling and development expenses (continued)

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."

Tümad Mining has 11 mining licenses in total. Information on licenses is as follows:

License (Registration) Number	Province	County	License Enforcement Date	Essence	Period (years)
86082	Çanakkale	Lapseki	4.09.2009	Operating license	25
90631	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
202201233	Gümüşhane	Torul	8.09.2022	Exploration license	7

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 expenses 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;

(Amounts expressed in thousands of Turkish Lira ("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)

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

- 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.

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.

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

2.6 Summary of Significant Accounting Policies (Continued)

Intangible assets and amortization (continued)

Derecognition of intangible assets (continued)

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 are 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 real estate are recognized in the profit and loss statement in the relevant period.

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

The transfer of a property to or from the investment property class is made only when there is a change in use, the transfer is made when the following conditions are met:

- 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.

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

2.6 Summary of Significant Accounting Policies (Continued)

Investment properties (continued)

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 the 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.

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 have been included in income statement in the period they occur (Note 20).

Sheraton Hotel ve Convention Centre - Lugal has been revalued with the expertise report provided as of 30 June 2023 by Etik 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.

Finance leases

<u>*The Group - as the lease*</u>

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.

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 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.

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.

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

2.6 Summary of Significant Accounting Policies (Continued)

Finance leases (continued)

Group - as a lessor (continued)

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.

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.

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

2.6 Summary of Significant Accounting Policies (Continued)

Financial instruments (continued)

Financial assets (continued)

Classification of financial assets (continued)

(i) 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 statements. Interest income is recognized as income from investments if it is based on deposits. Interest income from in-group borrowings is shown as finance income.

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

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

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

(iii) Equity instruments at fair value through other comprehensive income

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

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

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

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

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

2.6 Summary of Significant Accounting Policies (Continued)

Financial instruments (continued)

Financial assets (continued)

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

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

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

Measuring and accounting for expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss 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 financial asset expire, or when it transfers the financial asset and substantially all of the risks and rewards of ownership of the financial asset to another entity.

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

2.6 Summary of Significant Accounting Policies (Continued)

Financial instruments (continued)

Financial assets (continued)

Derecognition of financial assets (continued)

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

Financial liabilities

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.

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.

The entity does not reclassify any financial liabilities.

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.

Derivative Financial Instruments

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

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

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

2.6 Summary of Significant Accounting Policies (Continued)

Financial instruments (continued)

Derivative Financial Instruments (continued)

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

Disclosures on sale and repurchase agreements and securities lending transactions

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

Advances and loans given to customers

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

The Group allocates a loan impairment provision for advances and loans given if there is an objective finding that the loan amounts will not be collected. The provision amount is the difference between the book value of the loan and the recoverable amount. The recoverable amount is the current value of all cash flows, including the amounts that can be collected from collateral and guarantees, discounted based on the original effective interest rate at the time the loan originated. The loan impairment provision also includes losses that have objective evidence that potential losses exist in the loan portfolio at the balance sheet date.

Credit impairment provision is estimated by taking into account the Group's credit risk policy, the general structure of the current loan portfolio, the financial structure of customers, non-financial data, economic conjuncture and past experience.

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

Trade payables

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

Available for sale financial assets

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

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

2.6 Summary of Significant Accounting Policies (Continued)

Borrowing cost

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

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

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

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.

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).

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

2.6 Summary of Significant Accounting Policies (Continued)

Related parties (continued)

vii.) personnel of the entity (or of a parent of the entity).

Transaction with a related party is a transfer of resources, services or liabilities between the reporting entity and the related party, disregarding whether 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 overtime 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.

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.

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

2.6 Summary of Significant Accounting Policies (Continued)

Revenue (continued)

Income from construction contracts (continued)

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.

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.

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

2.6 Summary of Significant Accounting Policies (Continued)

Revenue (continued)

Ongoing Project Activities (continued)

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 less 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 costs and deferred revenue are subsequently recognized in the income statement based on the 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.

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.

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

2.6 Summary of Significant Accounting Policies (Continued)

Revenue (continued)

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.

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.

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

2.6 Summary of Significant Accounting Policies (Continued)

Business combinations and goodwill (continued)

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.

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.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

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

2.6 Summary of Significant Accounting Policies (Continued)

Provisions, contingent assets and liabilities (continued)

Provisions (continued)

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.

	30 June 2023	31 December 2022
USD	25.8231	18,6983
EUR	28,1540	19,9349
GBP	32,8076	22,4892
DZD (Algeria)	0,19064	0,1364
GEL (Georgia)	9,8462	6,9444
AED (Arab Emirates)	6,9911	5,0627
RON (Romania)	5,6505	4,0062

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 attached 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.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

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

2.6 Summary of Significant Accounting Policies (Continued)

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 30 June 2023 and 31 December 2022 are as follows:

	30 June 2023	**31 December 2022**
Discount rate	21,94	22,20
Annual inflation rate	19,16	19,90

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.

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.

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

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.

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.

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)

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.

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 the Group's subsidiaries, business associations and affiliate's names, affiliated country and ownership rates are presented in Note 1.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

4. Segment Reporting

30.06.2023	**Holding**	**Construction**	**Energy**	**Defense**	**Services**	**Tourism**	**Mining**	**Finance**	**Eliminations**	**Total**
Total assets	9.207.095	39.428.682	2.092.828	25.197.714	644.547	1.581.243	14.079.822	27.807.732	(12.943.729)	107.095.934
Total liabilities	9.207.095	39.428.682	2.092.828	25.197.714	644.547	1.581.243	14.079.822	27.807.732	(12.943.729)	107.095.934

31.12.2022	**Holding**	**Construction**	**Energy**	**Defense**	**Services**	**Tourism**	**Mining**	**Finance**	**Eliminations**	**Total**
Total assets	6.877.956	29.247.668	1.883.630	19.476.676	511.076	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	19.476.676	511.076	1.120.507	11.049.242	17.454.341	(8.513.475)	79.107.621

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

4. Segment Reporting (Continued)

1 January – 30 June 2023	**Holding**	**Construction**	**Energy**	**Defense**	**Services**	**Tourism**	**Mining**	**Finance**	**Eliminations**	**Total**
Revenue	107.271	5.505.517	477.614	2.037.946	45.706	164.861	4.031.402	--	(575.454)	11.794.863
Finance sector operating income	--	--	--	--	--	--	--	2.767.494	(159.520)	2.607.974
Cost of sales	(100.492)	(4.567.721)	(392.446)	(1.656.028)	(52.910)	(107.698)	(1.707.296)	--	436.148	(8.148.443)
Finance sector operating cost	--	--	--	--	--	--	--	(861.680)	--	(861.680)
Gross profit	**6.779**	**937.796**	**85.168**	**381.918**	**(7.204)**	**57.163**	**2.324.106**	**1.905.814**	**(298.826)**	**5.392.714**
Operating expenses	(8.920)	(344.914)	(18.179)	(410.887)	(6.705)	(41.662)	(160.668)	(331.509)	139.306	(1.184.138)
Other operating income / (expenses), net	(713.216)	(74.224)	(1.109)	(72.732)	2.216	7.944	(67.696)	82.404	--	(836.413)
Operating profit/(loss)	**(715.357)**	**518.658**	**65.880**	**(101.701)**	**(11.693)**	**23.445**	**2.095.742**	**1.656.709**	**(159.520)**	**3.372.163**
Shares from profit / (loss) from investments revalued with the equity method	--	7.741.472	--	--	--	--	--	--	--	7.741.472
Income /(expenses) from investing activities, net	2.969	69.177	--	(10.895)	244	530.686	1.293	22.836	--	616.310
Financial income /(expenses), net	(1.797.111)	(4.068.418)	(576.874)	(673.099)	(15.264)	(18.898)	(269.455)	--	159.520	(7.259.599)
Profit before tax from continued operations	**(2.509.499)**	**4.260.889**	**(510.994)**	**(785.695)**	**(26.713)**	**535.233**	**1.827.580**	**1.679.545**	**--**	**4.470.346**
Tax expense for the year	(500)	--	(1.748)	714	4	--	(350.871)	(377.498)	--	(729.899)
Deferred tax income/(expense)	871	571.363	5.525	(3.418)	(1.529)	(106.992)	(386.265)	--	--	79.555
Net profit for the continued operations period	**(2.509.128)**	**4.832.252**	**(507.217)**	**(788.399)**	**(28.238)**	**428.241**	**1.090.444**	**1.302.047**	**--**	**3.820.002**
EBITDA	**(36.195)**	**584.122**	**82.916**	**59.732**	**2.775**	**30.189**	**2.247.262**	**1.672.290**	**(159.520)**	**4.483.571**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

4. Segment Reporting (Continued)

1 January – 30 June 2022	**Holding**	**Construction**	**Energy**	**Defense**	**Services**	**Tourism**	**Mining**	**Finance**	**Eliminations**	**Total**
Revenue	66.538	3.882.216	564.697	1.790.025	31.251	100.496	2.986.313	--	(557.547)	8.863.989
Finance sector operating income	--	--	--	--	--	--	--	1.122.872	(69.302)	1.053.570
Cost of sales	(65.031)	(2.913.632)	(441.323)	(914.714)	(36.424)	(67.152)	(1.145.331)	--	457.191	(5.126.416)
Finance sector operating cost	--	--	--	--	--	--	--	(385.835)	--	(385.835)
Gross profit	**1.507**	**968.584**	**123.374**	**875.311**	**(5.173)**	**33.344**	**1.840.982**	**737.037**	**(169.658)**	**4.405.308**
Operating expenses	(9.868)	(518.692)	(9.475)	(279.517)	(3.793)	(24.671)	(110.556)	(92.403)	100.356	(948.619)
Other operating income / (expenses), net	(5.587)	(12.905)	(162)	212.350	(889)	3.186	83.760	(16.347)	--	263.406
Operating profit/(loss)	**(13.948)**	**436.987**	**113.737**	**808.144**	**(9.855)**	**11.859**	**1.814.186**	**628.287**	**(69.302)**	**3.720.095**
Shares from profit / (loss) from investments revalued with the equity method	--	4.221.251	--	--	--	--	--	--	--	4.221.251
Income /(expenses) from investing activities, net	6.543	105.675	(50)	208	--	244.305	221.019	(28.330)	--	549.370
Financial income /(expenses), net	(380.590)	(2.535.644)	(356.322)	(432.798)	(11.473)	(87.457)	(258.068)	--	69.302	(3.993.050)
Profit before tax from continued operations	**(387.995)**	**2.228.269**	**(242.635)**	**375.554**	**(21.328)**	**168.707**	**1.777.137**	**599.957**	**--**	**4.497.666**
Tax expense for the year	--	--	--	--	--	--	(246.844)	(164.821)	--	(411.665)
Deferred tax income/(expense)	(743)	90.877	(1.035)	162.528	(2.033)	(80.180)	(116.204)	22.472	--	75.682
Net profit for the continued operations period	**(388.738)**	**2.319.146**	**(243.670)**	**538.082**	**(23.361)**	**88.527**	**1.414.089**	**457.608**	**--**	**4.161.683**
EBITDA	**(9.436)**	**492.977**	**130.718**	**844.735**	**931**	**15.321**	**2.027.226**	**636.146**	**(69.302)**	**4.069.316**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

5. Related Party Disclosures

a) Current trade receivables from related parties	30.06.2023	31.12.2022
Nurol Grup Elektrik Toptan Satış A.Ş.	58.033	1.539
Otoyol Yatırım ve İşletme A.Ş.	9.624	8.500
Otoyol İşletme ve Bakım A.Ş.	8.134	12.335
SGO İnşaat Sanayi ve Ticaret A.Ş.	1.342	--
Çarmıklı Family	1.338	8.068
Çarmad Madencilik Sanayi ve Ticaret Ltd. Şti	65	159
Enom Elektrikli Araç Şarj Sistemleri ve Enerji Ticaret A.Ş.	9	--
Nurol Tower Site Yönetimi	--	527
Other	537	398
	79.082	**31.526**

b) Non-current trade receivables from related parties	30.06.2023	31.12.2022
Otoyol Yatırım ve İşletme A.Ş.	9.829	7.119
	9.829	**7.119**

c) Current trade payables to related parties	30.06.2023	31.12.2022
Nurol Grup Elektrik Toptan Satış A.Ş.	1.734	--
SGO İnşaat Sanayi ve Ticaret A.Ş.	1.046	54.222
Other	--	7
	2.780	**54.229**

d) Other current receivables from related parties	30.06.2023	31.12.2022
Çarmıklı Family	123.231	676.196
Otoyol Yatırım ve İşletme A.Ş.	216	--
Other	114	170
	123.561	**676.366**

e) Other non-current receivables from related parties	30.06.2023	31.12.2022
Otoyol Yatırım ve İşletme A.Ş.	--	94.142
	--	**94.142**

f) Other current payables to related parties	30.06.2023	31.12.2022
Nurol Eğitim Kültür ve Spor Vakfı	33	--
Çarmıklı Family	1	24
Otoyol Yatırım ve İşletme A.Ş.	--	74
Other	17	17
	51	**115**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

6. Cash and Cash Equivalents

	30.06.2023	**31.12.2022**
Cash on hand	476.138	12.435
Cash at banks		
- demand deposit	2.255.887	2.049.651
- time deposit	588.614	976.630
- blocked deposit	--	30.712
Due from banks and financial institutions	8.424.962	2.701.646
Central Bank deposit reserve (*)	1.545.858	2.434.384
Tümad blocked deposit	--	210.647
Currency protected deposits	54.243	610.334
Reverse repo transactions (**)	44.719	379.095
Credit card receivables	10.904	11.060
	13.401.325	**9.416.594**

(*) 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 30 June 2023, receivables from reverse repo transactions of Nurol GYO is in the amount of TL 44.719 thousand, (31 December 2022: Nurol GYO: TL 79.046 thousand, Nurol Bank: TL 300.049 thousand).

As of 30 June 2023 and 31 December 2022, details of bank statement per company are as follows:

	30.06.2023	**31.12.2022**
Nurol İnşaat	1.239.741	1.173.581
Nurol Holding	508.130	163.422
Tümad Madencilik	281.467	680.228
FNSS	259.209	358.292
Nurol Yatırım Bankası	258.310	4
Nurol Teknoloji	105.458	102.971
Nurol Gayrimenkul	49.831	155.253
Nurol Makina	43.352	579.189
Enova Toptan	26.567	14.103
Turser Turizm	26.097	10.173
Nurol Göksu	16.315	9.895
Nurol Havacılık	4.193	2.541
Enova Enerji	2.001	563
Nurol CAS	1.791	5.675
Other	22.039	11.750
	2.844.501	**3.267.640**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

7. Trade Receivables and Payables

Current trade receivables	**30.06.2023**	**31.12.2022**
Current trade receivables		
Construction Group		
- Nurol Algeria Branch	1.364.322	853.447
- Nurol İnşaat ve Ticaret A.Ş.	618.987	164.771
- Nurol LLC	359.905	259.372
- Nurol Gülermak Makyol Joint Venture	179.411	76.670
- Nurol Romania Branch	34.894	64.144
- Nurol Georgia	9.528	4.914
- Nurol Mesa Joint Venture	4.993	2.245
- Nurol Yüksel YDA Özka Joint Venture	500	2.656
- Özgün Nurol Joint Venture	--	45.663
- Gülsan Nurol Joint Venture	--	641
- Nurol Gülermak Joint Venture	--	637
Holding Group		
- FNSS	987.839	464.009
- Nurol Makina	802.170	571.270
- Enova Toptan Satış	48.266	29.008
- Nurol Teknoloji	47.023	80.288
- Turser Turizm	15.356	11.600
- Bosfor Turizm	10.785	8.643
- Nurol GYO	6.188	8.983
- Nurol Solar Enerji	5.792	7.011
- Botim İşletme	4.016	4.382
- Nurol CAS	1.970	1.284
- Nurol Holding	523	94
Current trade receivables from related parties (Note 5)	79.082	31.526
Other trade receivables	3.536	7.706
Notes receivable (*)	6.823	6.870
Doubtful trade receivables	57.444	24.064
Provision for doubtful trade receivables (-)	(57.444)	(24.064)
	4.591.909	**2.707.834**

Non-current trade receivables	**30.06.2023**	**31.12.2022**
Non-current trade receivables		
Non-current trade receivables from related parties (Note 5)	9.829	7.119
	9.829	**7.119**

(*) As of 30 June 2023, TL 3.954 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 2.788 thousand is comprised of Nurol İnşaat's sales of Yeşilyaka and Zekeriyaköy villas.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

7. Trade Receivables and Payables (Continued)

Current trade payables	**30.06.2023**	**31.12.2022**
Current trade payables		
Construction Group		
- Nurol Algeria Branch	1.829.338	1.410.603
- Nurol LLC	1.082.834	872.657
- Nurol Romania Branch	339.832	205.478
- Nurol İnşaat ve Ticaret A.Ş.	190.287	211.720
- Nurol Gülermak Makyol Joint Venture	161.041	111.434
- Gülsan Nurol Joint Venture	19.745	9.536
- Nurol Georgia	10.797	6.503
- Nurol Mesa Joint Venture	2.919	2.981
- Özgün Nurol Joint Venture	596	23.689
- Nurol Yüksel YDA Özka Joint Venture	259	182
- Nurol Yüksel Özka YDA Joint Venture	1	220
- Nurol Gülermak Joint Venture	--	5.022
Holding Group		
- FNSS	2.622.677	2.212.061
- Nurol Makina	1.080.903	705.728
- Enova Enerji	247.054	6.370
- Tümad Madencilik	226.142	88.507
- Nurol Teknoloji	196.612	72.973
- Turser Turizm	16.996	12.913
- Nurol Holding	5.808	7.623
Current portion of debts arising from the purchase of real estate	1.571	8.208
Current accounts of credit customers (Nurol Investment Bank)	6.459.633	1.566.451
Trade payables to related parties (Note 5)	2.780	54.229
Other trade payables	24.816	279
Notes payable	76.919	9.868
	14.599.560	**7.605.235**

Non-current trade payables	**30.06.2023**	**31.12.2022**
Nurol İnşaat trade payables (*)	2.662.236	2.017.570
	2.662.236	**2.017.570**

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

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

8. Financial Investments

Current	30.06.2023	31.12.2022
Available-for-sale financial investments (Rockland) (*)	2.367	4.975
Stock shares	30.511	8.426
	32.878	**13.401**

(*) 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	30.06.2023	31.12.2022
Current loan receivables	2.691.232	2.357.123
Assets held for sale (*)	318.730	318.730
Held for sale trading investments – Nurol Bank		
- Turkish government bonds -TL	951.705	61.139
Held for sale – Nurol Bank (**)		
- Equity instruments	6.390.477	6.284.841
	10.352.144	**9.021.833**

Non-current	30.06.2023	31.12.2022
Non-current loan receivables	3.092.853	1.372.659
Receivables from other financial operations	942	19.983
	3.093.795	**1.392.642**

(*) As of 30 June 2023 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 2022: TL 318.730).

(**) Financial assets traded in the exchange at fair value through other comprehensive income in the amount of TL 401.026 thousand 201.207 (31 December 2022: TL 901.207 thousand) is comprised of government bonds, TL 5.894 thousand (31 December 2022: TL 5.785 thousand) is comprised of bank bills and TL 2.359.583 thousand (31 December 2022: TL 1.463.701 thousand) is comprised of securities issued by the private sector. The portion amounting to TL 550.180 thousand (31 December 2022: TL 847.041 thousand) is comprised of Eurobonds issued by the domestic banks, TL 636.965 thousand (31 December 2022: TL 284.363 thousand) is comprised of Eurobonds issued by the Turkish Treasury, TL 1.141.432 thousand (31 December 2022: TL 1.125.024 thousand) by the private sector and TL 1.357.375 thousand (31 December 2022: 2.079.956 thousand) is comprised of Eurobonds issued by foreign banks. A provision in the amount of TL 132.343 thousand has been reserved.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

10. Financial Liabilities

Current financial liabilities	**30.06.2023**	**31.12.2022**
Current bank borrowings	14.129.333	11.659.255
Financial lease payables	84.942	163.118
Interest accruals	221.948	163.034
Total current financial liabilities	**14.436.223**	**11.985.407**

Non-current financial liabilities	**30.06.2023**	**31.12.2022**
Non-current bank borrowings	13.577.049	12.058.571
Financial lease payables	332.756	123.448
Total non-current financial liabilities	**13.909.805**	**12.182.019**
Total financial liabilities	**28.346.028**	**24.167.426**

As of 30 June 2023 and 31 December 2022 details of current and non-current financial liabilities are as follows:

Current	**Average interest rate%**	**Foreign Currency 30.06.2023**	**TL Equivalent 30.06.2023**	**Foreign Currency 31.12.2022**	**TL Equivalent 31.12.2022**
Bank loans					
- TL	13,30 – 33,37	1.529.156	1.529.156	2.162.911	2.162.911
- USD	6,50 – 10,35	394.452	10.185.961	459.857	8.598.538
- EUR	8,00 – 11,97	85.753	2.414.280	32.819	654.241
Nurol LLC loans (AED)		--	--	48.110	243.565
Financial lease payables					
- EUR		683	19.232	5.669	113.006
- USD		880	22.724	1.763	32.972
- TL		42.922	42.922	17.140	17.140
Interest accruals			221.948		163.034
			14.436.223		**11.985.407**
Non-current					
Bank loans					
- TL	12,72 – 21,98	164.844	164.844	71.337	71.337
- USD	6,50 – 13,21	186.405	4.813.554	213.754	3.996.829
- EUR	8,00 – 10,67	100.000	2.815.400	104.000	2.073.230
Nurol LLC loans (AED)		88.083	615.798	86.163	436.217
Georgia loans (GEL)		30.037	295.755	29.919	207.772
Financial lease payables					
- EUR		210	5.925	380	7.578
- USD		5.720	147.709	5.720	106.955
- TL		179.124	179.124	8.915	8.915
Reclassified financial liabilities (*)					
- TL	18,00	1.252.002	1.252.002	1.854.392	1.854.392
- USD	9,70	105.434	2.722.621	100.241	1.874.331
- EUR	10,67	31.863	897.073	77.475	1.544.463
			13.909.805		**12.182.019**

(Amounts expressed in thousands of Turkish Lira ("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) 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:

	30.06.2023	**31.12.2022**
Within 1 year	14.436.223	11.985.407
1 - 2 years	9.160.511	8.258.968
2 - 3 years	4.532.589	3.274.922
3 - 4 years	143.352	587.401
4 - 5 years	41.001	32.690
5 - 6 years	18.823	17.450
6 - 7 years	13.529	10.588
	28.346.028	**24.167.426**

<u>Debt Securities Issued</u>

a) Current debt securities and bonds issued

	30.06.2023	**31.12.2022**
Bank bills	1.739.788	2.353.372
Bonds issued	669.788	559.233
	2.409.576	**2.912.605**

b) Non-current debt securities and bonds issued

	30.06.2023	**31.12.2022**
Bonds issued	2.280.000	2.280.000
Subordinated loans	129.509	93.785
	2.409.509	**2.373.785**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

10. Financial Liabilities (Continued)

Debt Securities Issued (continued)

The non-redemption of the issues made by the Group as of 30 June 2023 are listed below;

Issue Type	*Issue Date*	*Due Date*	*Nominal Value*	*Interest Rate*
Nurol Investment Bank				
Bills	14.04.2023	13.07.2023	150.000	25.00%
Bills	18.04.2023	19.07.2023	70.000	25.00%
Bills	28.04.2023	27.07.2023	150.000	30.00%
Bills	30.05.2023	3.08.2023	80.000	39.00%
Bills	6.06.2023	10.08.2023	150.000	39.00%
Bonds	9.06.2023	15.08.2023	100.000	39.00%
Bonds	13.06.2023	12.09.2023	150.000	39.50%
Bonds	20.06.2023	19.09.2023	175.000	38.00%
Bonds	23.06.2023	26.09.2023	25.000	38.00%
Bonds	23.06.2023	26.09.2023	25.000	38.00%
Bonds	24.01.2023	25.07.2023	50.000	23.75%
Bonds	17.02.2023	18.08.2023	75.000	24.25%
Bonds	2.03.2023	29.08.2023	160.000	25.00%
Bonds	8.03.2023	6.09.2023	150.000	24.00%
Bonds	15.03.2023	13.09.2023	215.000	24.00%
Bonds	6.04.2023	5.10.2023	60.000	25.00%
Bonds	12.04.2023	11.10.2023	100.000	25.00%
Bonds	19.04.2023	11.10.2023	100.000	25.00%
Bonds	18.01.2023	21.01.2025	200.000	25.00%
Bonds	27.06.2022	28.06.2024	50.000	25.50%
Bonds	5.07.2022	8.07.2024	50.000	26.00%
Bonds	26.07.2022	29.07.2024	300.000	27.50%
Bonds	20.01.2023	22.08.2024	40.000	25.00%
Bonds	13.09.2022	18.09.2024	50.000	21.00%
Bonds	20.01.2023	31.10.2024	120.000	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%
Nurol GYO				
Bills	16.07.2021	14.07.2024	9.663	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%

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

11. Funds Borrowed

	30.06.2023	31.12.2022
Funds borrowed	7.247.024	6.794.329
Obligations under repurchase agreements	4.182.198	2.368.934
	11.429.222	**9.163.263**

The effective interest rate for borrowed funds is 0.32% in USD Dollars. (31 December 2022: 0,40%), 0,60% in Euros (31 December 2022: 1,28%), and 15,65% in Turkish Lira. (31 December 2022: 17,57%).

As of 30 June 2023 and 31 December 2022, 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 30 June 2023 (31 December 2022: None).

12. Other Receivables and Payables

Other current receivables	**30.06.2023**	**31.12.2022**
Due from related parties (Note 5)	123.561	676.366
Advances given to personnel	21.296	14.295
Deposits and guarantees given		
- Nurol LLC	530.520	283.479
- Nurol Teknoloji	262.411	
- Nurol Romania Branch	14.605	172.184
- Nurol Algeria Branch	11.454	--
- Nurol Gülermak Makyol Joint Venture	126	126
- Nurol Makina	84	208
- Nurol Gayrimenkul Yatırım Ortaklığı A.Ş.	9	9
- Nurol Gülermak Joint Venture	--	10
- Other group companies	389	238
Other doubtful receivables		
- Nurol Holding	320	320
- Nurol İnşaat	1.615	1.593
- Other group companies	57	57
Provision for doubtful other receivables (-)	(1.992)	(1.970)
Other	56.046	24.569
	1.020.501	**1.171.484**

Other non-current receivables	**30.06.2023**	**31.12.2022**
Non-current receivables from related parties (Note 5)	--	94.142
Deposits and guarantees given	1.045.464	592.051
	1.045.464	**686.193**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

12. Other Receivables and Payables (Continued)

Other current payables	**30.06.2023**	**31.12.2022**
Tümad other payables (*)	520.345	330.142
Deposits and guarantees received	56.784	47.011
Other payables	28.646	109.375
Due to related parties (Note 5)	51	115
	605.826	**486.643**

Other non-current payables	**30.06.2023**	**31.12.2022**
Tümad other payables (*)	2.222.803	1.325.834
Deposits and guarantees received	47.640	23.770
Due to related parties (Note 5)	--	--
	2.270.443	**1.349.604**

(*) 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

	30.06.2023	**31.12.2022**
Raw materials		
- FNSS	964.243	359.722
- Nurol Makina (*)	1.991.138	990.222
- Nurol İnşaat (***)	124.599	146.272
- Nurol Teknoloji (****)	226.507	168.976
- Tümad (*****)	744.762	511.775
- Turser Turizm	3.620	--
- Other group companies	--	34
Semi-finished goods		
- Nurol İnşaat (***)	1.116.354	305.805
- Nurol Makina (*)	1.294.567	365.024
- Nurol Teknoloji (****)	78.307	65.006
- Tümad (*****)	585.925	383.360
Subtotal	*7.130.022*	*3.296.196*

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

13. Inventories (Continued)

	30.06.2023	**31.12.2022**
Finished goods		
- Nurol İnşaat (***)	432.691	423.286
- Nurol Makina (*)	141.497	138.463
- Nurol Teknoloji (****)	104.602	154.624
- Tümad	75.027	740
Trade goods		
- Nurol İnşaat	--	3.887
- Turser Turizm	--	2.775
- Solar Enerji	18.882	--
- Other group companies	--	334
- Nurol Gayrimenkul trade goods (**)	28.142	33.203
Other inventories		
- Tümad	658.071	428.619
- Nurol İnşaat (***)	3.363	10.453
- Nurol Makina (*)	65.218	47.379
- Nurol Teknoloji	24.251	17.147
- Other group companies	284	1.323
	8.682.050	**4.558.429**

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

(**) TL 28.142 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:

	30.06.2023	**31.12.2022**
Nurol Life Project	18.200	20.298
Nurol Tower Project	9.942	12.138
Nurol Park Project	--	767
	28.142	**33.203**

As of 30 June 2023, there is a mortgage in the amount of TL 1.189.400 thousand on the construction projects of Nurol GYO (31 December 2022: TL 800.000 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.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

14. Prepaid Expenses and Deferred Income

Prepaid expenses in current assets	**30.06.2023**	**31.12.2022**
Order advances given for inventories		
- FNSS	579.247	480.213
- Nurol Makina	365.056	207.478
- Nurol Teknoloji	182.436	53.508
- Nurol İnşaat ve Ticaret A.Ş.	45.946	52.803
- Nurol Gayrimenkul	14.088	5.592
- Other	17.537	28.813
Prepaid expenses (*)	194.312	189.556
	1.398.622	**1.017.963**

Prepaid expenses in non-current assets	**30.06.2023**	**31.12.2022**
Prepaid expenses (*)	75.943	12.862
Prepaid expenses in non-current assets	7	27
	75.950	**12.889**

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

Current deferred income	**30.06.2023**	**31.12.2022**
Deferred income		
- FNSS	213.964	--
- Nurol Gayrimenkul	3.112	2.038
- Nurol İnşaat	2.693	4.718
- Turser Turizm	2.287	2.977
- Nurol Teknoloji	291	2.701
- Other	218	278
Advances received		
- FNSS	1.703.479	1.357.005
- Nurol Makina	1.334.326	900.390
- Nurol İnşaat	769.931	65.670
- Nurol Teknoloji	178.173	91.281
- Nurol Gayrimenkul	32.632	55.849
- Solar Enerji	10.202	10.559
- Turser Turizm	9.601	5.795
- Enova Toptan	4.270	--
- Enova	592	2
Other advances received	301	31
	4.266.072	**2.499.294**

Non-current deferred income	**30.06.2023**	**31.12.2022**
Deferred income		
- Turser	434	443
Advance received		
- FNSS	1.754.038	1.072.322
- Nurol İnşaat	559.971	330.646
- Nurol Makina	147.188	106.580
Other advances received	--	485
	2.461.631	**1.510.476**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

15. Receivables and Payables from Ongoing Construction and Project Contracts

a) Receivables from construction contracts

	30.06.2023	
	Receivables from Construction Contracts	**Payables Related to Construction Contracts**
Nurol LLC projects	922.865	465.776
Ordu Highway landslide reclamation supply works	17.191	--
	940.056	**465.776**

	31.12.2022	
	Receivables from Construction Contracts	**Payables Related to Construction Contracts**
Ümraniye-Ataşehir-Göztepe Subway Project (Nurol Gülermak Makyol Joint Venture)	--	9.014
Yusufeli Group Dam Bridges Construction (Gülsan Nurol Joint Venture)	5.415	--
İzmir Çiğli Tram Line (Nurol İnşaat)	250.171	--
Silifke Mut Road Project (Nurol İnşaat)	102.536	--
Nurol LLC projects	815.352	283.207
Algeria Branch projects	194.432	--
	1.367.906	**292.221**

b) Receivables from project contracts

FNSS	**30.06.2023**	**31.12.2022**
Ongoing project contract revenue	18.814.551	19.625.386
Less: Loss provision for ongoing project contracts	4.406.396	6.783.171
Less: Total invoiced progress payment at the end of the period	(13.898.580)	(18.304.580)
	9.322.367	**8.103.977**

Nurol Makina	**30.06.2023**	**31.12.2022**
Ongoing project contract revenue	10.319.652	7.260.013
Less: Total invoiced progress payment at the end of the period	(9.512.415)	(6.162.924)
	807.237	**1.097.089**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

16. Investments

	30.06.2023	31.12.2022
Nurol Technology USA, LLC	4.520	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	1.250
Enom Elektrikli Araç Şarj Sistemleri ve Enerji Ticaret A.Ş.	375	--
Nurol Makina Hungary Branch	122	122
Nurol Grup Elektrik Toptan Satış A.Ş.	20	20
Finanscorp P.L.C.	16	16
Çarmad Mad. San. ve Tic. Ltd. Şti.	--	12
Other	160	160
	9.271	**6.438**

17. Investments Recognized Using the Equity Method

	30.06.2023	31.12.2022
Otoyol Yatırım ve İşletme A.Ş.	25.293.259	17.551.788
FNSS Middle East Co Ltd.	12.421	8.996
	25.305.680	**17.560.784**

Otoyol Yatırım ve İşletme A.Ş., which is valued by the Group's equity method and owns 25,95% (31 December 2022: 25,95%), has a total equity value of TL 97.469.206 thousand as of 30 June 2023 (31 December 2022: TL 67.636.947 thousand), and Otoyol Yatırım ve İşletme A.Ş.'s registered value in Nurol İnşaat as of 30 June 2023 is TL 25.293.259 thousand (31 December 2022 is TL 17.551.788 thousand).

For the accounting periods ending on 30 June 2023 and 2022, the share of the Group's investment in the profits valued by the equity method is TL 7.741.472 thousand and TL 4.221.251 thousand, respectively.

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.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

18. Goodwill

	30.06.2023	31.12.2022
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 30 June 2023 and 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 30 June 2023 and 31 December 2022 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.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

19. Property, Plant and Equipment

a) Other Property, Plant and Equipment

	01.01.2023	Additions	Disposals	Foreign currency translation differences	Transfer	30.06.2023
Cost						
Land	229.414	--	(393)	75.579	--	304.600
Land improvements	757.182	1.508	(32)	289.817	4.767	1.053.242
Buildings	4.036.639	52.061	(23.529)	1.378.801	11.773	5.455.745
Leasehold improvements	32.675	78	--	8.982	--	41.735
Machinery and equipment	5.177.653	145.915	(208.896)	1.664.558	25.188	6.804.418
Motor vehicles	808.149	20.488	(9.027)	401.460	--	1.221.070
Fixtures and fittings	935.445	34.969	(4.825)	267.575	198	1.233.362
Other property, plant and equipment	1.111.299	20.965	--	365.270	--	1.497.534
Construction in progress	221.991	84.072	(52.229)	76.929	(27.482)	303.281
	13.310.447	**360.056**	**(298.931)**	**4.528.971**	**14.444**	**17.914.987**
Accumulated depreciation (-)						
Land improvements	312.827	20.695	(25)	125.230	--	458.727
Buildings	1.438.542	86.820	(1.102)	574.763	--	2.099.023
Leasehold improvements	14.219	2.461	--	2.950	--	19.630
Machinery and equipment	2.608.357	194.992	(201.534)	940.555	896	3.543.266
Motor vehicles	441.440	11.717	(7.285)	202.491	--	648.363
Fixtures and fittings	587.201	35.830	(3.758)	210.642	--	829.915
Other property, plant and equipment	993.168	28.728	--	335.080	--	1.356.976
	6.395.754	**381.243**	**(213.704)**	**2.391.711**	**896**	**8.955.900**
Net Book Value	**6.914.693**					**8.959.087**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

19. Property, Plant and Equipment (Continued)

a) Other Property, Plant and Equipment (Continued)

	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 is revised annually in line with the expertise determined by the Group Management and the accumulated depreciation figures are revised accordingly.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

19. Property, Plant and Equipment (Continued)

b) Mining Assets

	31.12.2021	Additions	Foreign currency translation differences	31.12.2022	Additions	Foreign currency translation differences	30.06.2023
Acquisition Costs							
Mining development cost (*)	1.419.330	289.443	663.224	2.371.997	152.994	950.147	3.475.138
Mining rehabilitation cost	134.578	113.076	73.994	321.648	76.888	145.839	544.375
Acquisition of Mining Rights (**)	1.746.160	78.091	779.881	2.604.132	378.675	1.106.927	4.089.734
	3.300.068	**480.610**	**1.517.099**	**5.297.777**	**608.557**	**2.202.913**	**8.109.247**
Accumulated Depreciation (-)							
Mining development cost	462.924	178.637	227.242	868.803	64.618	350.613	1.284.034
Mining rehabilitation cost	49.573	42.205	27.328	119.106	15.292	50.014	184.412
Acquisition of mining rights	95.324	50.186	48.531	194.041	30.473	83.164	307.678
	607.821	**271.028**	**303.101**	**1.181.950**	**110.383**	**483.791**	**1.776.124**
Net Book Value	**2.692.247**			**4.115.827**			**6.333.123**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

19. Property, Plant and Equipment (Continued)

b) Mining Assets (continued)

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

As of 30 June 2023 and 31 December 2022, the details of Tümad Madencilik's exploration, drilling and development expenses in the field of mining are as follows:

	30.06.2023	31.12.2022
Lapseki Project	1.514.373	1.038.401
İvrindi Project	1.741.980	1.206.724
Other	218.785	126.872
	3.475.138	**2.371.997**

(**) *Mining Rights:*

Tümad Mining has 11 mining licenses in total. Information on licenses is as follows:

License (Registration) Number	Province	County	License Enforcement Date	Essence	Period (years)
86082	Çanakkale	Lapseki	4.09.2009	Operating license	25
90631	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
202201233	Gümüşhane	Torul	8.09.2022	Exploration license	7

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

20. Investment Properties

	01.01.2023	Additions	Disposals	Revaluation differences	Foreign currency translation differences	30.06.2023
Cost						
Land						
- Nurol İnşaat	512.387	--	--	--	--	512.387
Buildings						
- Nurol İnşaat	565.254	--	(1.706)	--	--	563.548
- Georgia Batumi Sheraton Hotel	1.806.257	--	--	--	243.102	2.049.359
- Turser (*)	868.779	--	--	500.000	--	1.368.779
- Nurol Holding	19.176	--	--	--	--	19.176
- Karum Offices	12.172	--	--	--	--	12.172
- Kuşadası Asena Hotel	5.430	--	(2.782)	--	--	2.648
	3.789.455	**--**	**(4.488)**	**500.000**	**243.102**	**4.528.069**
Nurol Gayrimenkul:						
- Nurol Plaza	120.750	19.810	(19.385)	--	--	121.175
- Nurol Tower	490.565	--	(37.215)	--	--	453.350
- Oasis Bodrum	29.662	--	--	--	--	29.662
- Oasis Cadde	377.651	--	--	--	--	377.651
- Nurol Residence	62.290	3.834	--	--	--	66.124
- Karum AVM	1.450		--	--	--	1.450
- Nurol Life	239.886	1.585	--	--	--	241.471
	1.322.254	**25.229**	**(56.600)**	**--**	**--**	**1.290.883**
	5.111.709					**5.818.952**
Accumulated depreciation (-)						
Buildings						
- Nurol İnşaat	67.380	5.613	(177)	--	--	72.816
- Georgia Batumi Sheraton Hotel	731	--	--	--	--	731
- Turser (*)	100.316	--	--	--	--	100.316
- Nurol Holding	285	10	--	--	--	295
- Karum Offices	3.010	108	--	--	--	3.118
- Kuşadası Asena Hotel	1.346	8	(1.200)	--	--	154
	173.068	**5.739**	**(1.377)**	**--**	**--**	**177.430**
Net Book Value	**4.938.641**					**5.641.522**

(*) Sheraton Hotel ve Convention Centre - Lugal has been revalued with the expertise report provided as of 30 June 2023 by Etik 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.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

20. Investment Properties (Continued)

	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
- Nurol Holding	19.176	--	--	--	--	--	--	19.176
- Karum Offices	12.172	19	--	--	--	(19)	--	12.172
- Kuşadası Asena Hotel	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.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

21. Depreciation and Amortization

	30.06.2023	31.12.2022
Property, plant and equipment (Note 19)	381.243	680.757
Investment properties (Note 20)	5.739	18.937
Intangible assets (Note 22)	65.959	134.402
Mining assets depreciation (Note 19)	110.383	271.028
	563.324	**1.105.124**

The distribution of depreciation and amortization charges is as follows:

	01.01-30.06.2023	01.01-31.12.2022	01.01-30.06.2022
Production costs	333.667	650.224	274.053
Cost of services	129.904	250.790	92.738
General administrative expenses	55.085	91.422	52.307
Marketing, selling and distribution expenses	15.333	23.611	10.051
Research and development expenses	29.335	89.077	46.674
	563.324	**1.105.124**	**475.823**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

22. Intangible Assets

	01.01.2023	Additions	Disposals	Foreign currency translation differences	Transfer	30.06.2023
Cost						
Rights	382.352	22.932	(27)	101.672	(14.444)	492.485
Energy licenses (*)	514.860	--	--	--	--	514.860
Establishment expenses	55	--	--	--	--	55
Other development expenses (**)	803.783	84.093	(38)	331.732	--	1.219.570
Other intangible assets	224	--	--	--	--	224
	1.701.274	**107.025**	**(65)**	**433.404**	**(14.444)**	**2.227.194**
Accumulated amortization (-)						
Rights	288.805	20.634	--	87.899	(896)	396.442
Energy licenses (*)	41.090	9.043	--	--	--	50.133
Establishment expenses	55	--	--	--	--	55
Other development expenses (**)	294.799	36.282	--	123.315	--	454.396
Other intangible assets	224	--	--	--	--	224
	624.973	**65.959**	**--**	**211.214**	**(896)**	**901.250**
Net Book Value	**1.076.301**					**1.325.944**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

22. Intangible Assets (Continued)

	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**

(Amounts expressed in thousands of Turkish Lira ("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 August 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	**30.06.2023**	**31.12.2022**
Project penalty provision (*)	667.688	536.235
Provision for cost	141.951	95.836
Provision for litigation (**)	131.397	127.100
Provision for premiums	35.598	23.058
Provisions for non-cash loans	11.400	7.017
Deed cost provision	--	3.544
Other	49.874	88.689
	1.037.908	**881.479**

(*) Project penalty provision consists of penalties incurred within the scope of "industry participation and offset" practices and penalty costs reflected in line with the deficiencies identified in the projects delivered by the Group.

(**) As of 30 June 2023, the total amount of pending lawsuits against the Group is approximately TL 188.409 thousand (31 December 2022: TL 141.755 thousand. As of 30 June 2023, the Group has set aside a provision of TL 131.397 thousand (31 December 2022: TL 127. 100 thousand) for those who have the risk of litigation, according to the opinion of its legal counsel.

Non-current provisions	**30.06.2023**	**31.12.2022**
Rehabilitation provision (*)	531.525	311.552
Other	553	1.382
	532.078	**312.934**

(*) 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.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

23. Provisions, Contingent Assets and Liabilities (Continued)

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

	30.06.2023		31.12.2022	
	Original Currency	**TL Equivalent**	**Original Currency**	**TL Equivalent**
Letters of guarantee received				
- TL	38.499	38.499	273.985	273.985
- USD	2.522	65.129	24.686	461.593
- EUR	9.407	264.836	21.888	436.342
	--	--		
Cheques and notes received				
- TL	2	2	21	21
- USD	--	--	3	51
		368.466		**1.171.992**

As of 30 June 2023 and 31 December 2022, the tables regarding the Group's collateral/pledge/mortgage ("CPM") position are as follows:

		30.06.2023	31.12.2022
A	CPM's given in the name of own legal personality	31.180.352	19.539.985
B	CPM's given on behalf of the fully consolidated companies	21.478.477	17.821.331
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	--	--
		52.658.829	**37.361.316**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

23. Provisions, Contingent Assets and Liabilities (Continued)

	Original Amount					30.06.2023
	TL	**USD**	**EURO**	**DZD**	**RON**	**TL Equivalent**
Letter of guarantee	1.846.367	238.889	310.458	952.281	142.254	17.741.213
Mortgages	2.596.600	56.750	65.000	--	--	5.892.071
Suretyship	--	292.260	--	--	--	7.547.068
	4.442.967	**587.899**	**375.458**	**952.281**	**142.254**	**31.180.352**

	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**

(Amounts expressed in thousands of Turkish Lira ("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.

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

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

	30.06.2023	**31.12.2022**
Due to personnel	64.546	49.617
Social security premiums payable	86.409	54.864
	150.955	**104.481**

b) Provisions for employee benefits

	30.06.2023	**31.12.2022**
Current provisions	149.897	126.700
Non-current provisions	254.565	240.432
	404.462	**367.132**

b.1) Current provisions for employee benefits

	30.06.2023	**31.12.2022**
Unused vacation provision	149.897	126.700
	149.897	**126.700**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

24. Employee Benefits (Continued)

b.2) Non-current provisions for employee benefits

	30.06.2023	31.12.2022
Provision for employee termination benefits	254.565	240.432
	254.565	**240.432**

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 23.489,83 for each period of service at 30 June 2023 (31 December 2022: TL 19.982,83). As of 1 January 2023, the severance pay ceiling to be applied has been increased to TL 23.489,83 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.

	30.06.2023	31.12.2022
Discount rate	%21,94	%22,20
Annual inflation rate	%19,16	%19,90

25. Other Assets and Liabilities

Other current assets	**30.06.2023**	**31.12.2022**
VAT carried forward	255.079	419.323
Receivables from tax administration	770.401	421.506
Advances given to subcontractors (*)	475.157	379.993
Advances given for business purposes	29.760	46.844
Accrued income	25.780	5.901
Other	4.164	1.321
	1.560.341	**1.274.888**

(*) TL 333.410 thousand of advances given to subcontractors consists of the advances given to the subcontractors of Nurol İnşaat and TL 141.747 thousand to the subcontractors of Tümad Madencilik.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

25. Other Assets and Liabilities (Continued)

Other current liabilities	**30.06.2023**	**31.12.2022**
Taxes and funds payable	3.899.135	1.359.823
Other (*)	241.013	327.543
	4.140.148	**1.687.366**

(*) USD 9.333 thousand equivalent to TL 241.013 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	**30.06.2023**	**31.12.2022**
Nurol İnşaat Algeria Branch	--	2.550
	--	**2.550**

26. Equity

a. *Share Capital*

	Share Rate (%)	**30.06.2023**	**31.12.2022**
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**
Share capital adjustment		(62.784)	(62.784)
	100	**713.216**	**713.216**

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

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

26. Equity (Continued)

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

	30.06.2023	31.12.2022
Fixed assets revaluation fund	1.251.273	1.251.273
Actuarial gains/ losses	(77.189)	(49.479)
Foreign currency translation differences	7.745.155	4.403.752
	8.919.239	**5.605.546**

<u>*Provision for employee termination benefits actuarial gain / (loss) funds*</u>

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

	30.06.2023	31.12.2022
Revaluation of financial assets available for sale	(148.145)	63.608
Cash flow hedge losses	(427.099)	(181.545)
	(575.244)	**(117.937)**

d. Restricted Reserves

	30.06.2023	31.12.2022
Legal reserves	591.850	406.132
Statue reserves	(83.964)	(83.964)
Extraordinary reserves	244.058	249.837
	751.944	**572.005**

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.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

26. Equity (Continued)

a. 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 30 June 2023 and 31 December 2022 movements of non-controlling interest is as follows:

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**
Capital change	38.498
Minority share of other prior year profit and loss adjustments	(62.364)
Minority share of profit/loss for the period	(403.886)
30 June 2023 minority interest	**555.308**

27. Revenue and Cost of Sales

	01.01-30.06.2023	**01.01-30.06.2022**
Domestic sales	7.794.240	6.508.158
Export sales	4.002.859	2.371.672
Sales discount (-)	(2.236)	(15.841)
Revenue	**11.794.863**	**8.863.989**
Cost of sales (-)	**(8.148.443)**	**(5.126.416)**
Gross profit from trading activities	**3.646.420**	**3.737.573**
Revenue from financial sector activities	2.607.974	1.053.570
Cost of financial sector activities (-)	(861.680)	(385.835)
Gross profit from financial sector activities	**1.746.294**	**667.735**
Gross profit	**5.392.714**	**4.405.308**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

28. Expenses by Nature

	01.01-30.06.2023	01.01-30.06.2022
General administrative expenses	948.156	445.924
Marketing, selling and distribution expenses	117.166	370.434
Research and development expenses	118.816	132.261
	1.184.138	**948.619**

29. Other Operating Income and Expense

Other income from operating activities	01.01-30.06.2023	01.01-30.06.2022
Nurol Investment Bank other income	124.909	2.929
Nurol Dubai LLC insurance income	26.136	2.025
Incentive income	18.802	10.365
Unwind of provisions	18.581	2.303
FNSS other income	10.932	1.755
Tümad other income	5.903	--
Nurol Gayrimenkul other income	5.400	1.985
Scrap, raw material and material sales income	5.030	7.762
Rediscount income	3.970	--
Nurol Makina other income	3.565	--
Commission income	1.126	3.627
Insurance income	19	1.270
Income from forward transactions (FNSS)	--	219.485
Unwind of provisions (Tümad)	--	103.555
Other	22.228	13.031
	246.601	**370.092**

Other expense from operating activities	01.01-30.06.2023	01.01-30.06.2022
Restructuring of certain receivables Law no 7440 (*)	(783.768)	--
Donation and grants	(84.602)	(38.097)
Provision expense	(54.910)	(21.854)
Revaluation provision TCC article 31	(30.831)	--
Tümad other expense	(22.530)	(5.126)
Nurol Investment Bank other expense	(17.197)	(7.107)
Severance pay interest expense	(6.092)	(4.270)
Rediscount expense	(3.876)	(1.686)
Expenses from forward transactions (FNSS)	(2.917)	--
Commission expense	(4)	(163)
Nurol Teknoloji other expense	--	(11.927)
Count differences	--	(8.431)
Insurance expense	--	(168)
Other	(76.287)	(7.857)
	(1.083.014)	**(106.686)**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

29. Other Operating Income and Expense (Continued)

(*) With the Law No. 7440 on the "Restructuring of Certain Receivables and Amending Certain Laws" published in the Official Gazette dated 12 March 2023 numbered 32130, as of December 2022, including previous months insurance premiums, Bağkur premiums, unemployment insurance premiums, pension deductibles and institutions provisions, social security support premium, optional insurance premium, community insurance premium, difference/missing premium due to minimum labor, administrative fine, stamp duty followed by SSI, special transaction tax and contribution to education, as well as delay penalty and late fee due to these, recourse debts, debts arising from incorrectly and improperly paid income and pensions, and premium debts not transferred to SSI by agricultural cut-offs can be restructured in cash or up to 48 equal installments.

30. Income and Expenses from Investment Activities

Income from investing activities	**01.01-30.06.2023**	**01.01-30.06.2022**
Investment properties revaluation increase (Turser)	500.000	247.516
Profit on sales of property, plant and equipment	119.966	48.050
Dividend income	52.131	345
Rent income	9.000	5.514
Profit on sales of securities	1.710	10.289
Currency protected deposits income	--	211.185
Investment properties revaluation increase (Nurol GYO)	--	65.412
	682.807	**588.311**

Expenses from investing activities	**01.01-30.06.2023**	**01.01-30.06.2022**
Loss on sales of property, plant and equipment	(34.935)	(5.322)
Loss on sales of securities	(31.562)	(33.619)
	(66.497)	**(38.941)**

31. Financial Income and Expense

Financial income	**01.01-30.06.2023**	**01.01-30.06.2022**
Foreign exchange income	2.291.881	1.748.658
Interest income	388.600	98.673
Fair value gains of derivative financial instruments	4.022	--
	2.684.503	**1.847.331**

Financial expense	**01.01-30.06.2023**	**01.01-30.06.2022**
Foreign exchange expenses	(5.666.603)	(3.304.993)
Interest expenses	(3.970.132)	(2.306.579)
Letter of guarantee expenses	(37.947)	(21.186)
Bank commission expenses	(131.072)	(81.020)
Fair value losses of derivative financial instruments	(138.348)	(126.603)
	(9.944.102)	**(5.840.381)**

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

Turkish Tax Legislation does not permit a parent company its subsidiaries and investments in associates to file a consolidated tax return. Therefore, tax liabilities as reflected in these consolidated financial statements have been calculated on a separate entity basis for the fully consolidated subsidiaries.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses and by deducting other exempt income. In addition to corporate taxes, companies should also calculate income withholding taxes on any dividends distributed at the rate of % 15, except for companies receiving dividends who are resident companies in Turkey. Undistributed dividends incorporated in share capital are not subject to income withholding taxes.

In Turkey, advance tax returns are filed on a quarterly basis at the rate of 25%, until the 14thday of the following month and paid until the 17th day. Advance tax returns files within the year are offset against corporate income tax calculated over the annual taxable corporate income.

According to the Corporate Tax Law, 50% of the capital gains arising from the sale of tangible assets and 75% of the earning from investments in equity shares owned for at least two years are exempted from corporate tax on the condition that such gains are reflected in the equity.

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

As per the Law numbered 7440 "Law on Restructuring of Certain Receivables and Amendment of Certain Laws" published in the Official Gazette on 12 March 2023, the Company is required to calculate additional tax at the rate of 10% on the exemption and discount amounts deducted from corporate income in accordance with the regulations in the laws and the bases subject to reduced corporate tax, and at the rate of 5% on exempt earnings, without being associated with the period earnings, by showing in the corporate tax declaration for the year 2022.

Corporate Tax rate will be applied as 25% for the corporate income for the taxation period of 2023.

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 30 June 2023, 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). The 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. The VAT rate is 19%.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

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

As of 30 June 2023 and 31 December 2022, the tax liabilities included in the financial statements are as follows:

Tax provision in the statement of the financial position	30.06.2023	31.12.2022
Current tax provision	193.486	389.124
	193.486	**389.124**

As of 30 June 2023 and 2022, the tax liabilities included in the statement of profit or loss are as follows:

Tax provision in the statement of profit or loss	01.01-30.06.2023	01.01-30.06.2022
Provision for corporate tax for current period	(729.899)	(411.665)
Deferred tax income / (expense)	79.555	75.682
	(650.344)	**(335.983)**

Current	30.06.2023	31.12.2022
Prepaid taxes (-) (*)	76.859	406.562
	76.859	**406.562**

(*) According to Turkish Tax Laws companies must make advance payments of corporation tax. Prepaid taxes are computed on the quarterly taxable profits reported at the rate of 25% (2022: 23%). 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	30.06.2023	31.12.2022
Prepaid taxes (-) (**)	327.432	190.953
	327.432	**190.953**

(**) 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.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

32. Taxes on Income (Including Deferred 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	**30.06.2023**	**31.12.2022**
Investment incentive	354.168	479.152
Research and development incentive discount carried forward	3.067.880	2.265.160
Interest expense accruals	(1.893)	(27.790)
Provisions for employee benefits	192.412	219.568
Written off assets	57.144	47.265
Doubtful debt provision	24.900	13.214
Provisions for litigation	120.824	104.300
Unused vacation provision	40.588	29.033
Warranty and assembly expenses	1.420	89.826
Expected credit loss	--	35.374
Taxable losses	4.284.296	2.089.883
Tangible and intangible assets adjustment	(291.172)	64.853
Revaluation of tangible and intangible assets	(7.592)	173.340
Derivative financial instruments, net	(288.320)	830.079
Exchange rate differences, net	(36.852)	560
Income accruals	--	301.024
Tax effect of prepaid loan interest	--	(12.722)
Trade and other receivables	(7.508.248)	5.448
Valuation of investment properties	(981.220)	(1.340.000)
Valuation of financial investments	(22.744)	(1.022)
Rehabilitation provision	147.532	103.570
Financial expenses not accrued (net)	7.700	(3.500)
Depreciation adjustment	(1.751.568)	7.048
Ongoing constructions, net	2.567.152	1.057.438
Affiliate provision expense, net	(18.196)	(18.196)
The net difference in the carrying value and tax value of tangible and intangible assets, net	--	(730.361)
Ongoing projects, net	(1.430.848)	(8.888.904)
Presentation currency conversion variances	1.069.996	3.260.739
Other, net	305.156	459.018
	(97.485)	**613.397**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

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

Deferred tax assets / (liabilities)	**30.06.2023**	**31.12.2022**
Investment incentive	88.542	110.205
Research and development incentive discount carried forward	766.970	520.987
Interest expense accruals	(473)	(6.392)
Provisions for employee benefits	48.103	50.501
Written off assets	14.286	10.871
Doubtful debt provision	6.225	3.039
Provisions for litigation	30.206	23.989
Unused vacation provision	10.147	6.678
Warranty and assembly expenses	355	20.660
Expected credit loss	--	8.136
Taxable losses	1.071.074	480.673
Tangible and intangible assets adjustment	(72.793)	14.916
Revaluation of tangible and intangible assets	(1.898)	39.868
Derivative financial instruments, net	(72.080)	190.918
Exchange rate differences, net	(9.213)	129
Income accruals	--	69.236
Tax effect of prepaid loan interest	--	(2.926)
Trade and other receivables	(1.877.062)	1.253
Valuation of investment properties	(245.305)	(308.200)
Valuation of financial investments	(5.686)	(235)
Rehabilitation provision	36.883	23.821
Financial expenses not accrued (net)	1.925	(805)
Depreciation adjustment	(437.892)	1.621
Ongoing constructions, net	641.788	243.211
Affiliate provision expense, net	(4.549)	(4.185)
The net difference in the carrying value and tax value of tangible and intangible assets, net	--	(167.983)
Ongoing projects, net	(357.712)	(2.044.448)
Presentation currency conversion variances	267.499	749.970
Other, net	76.289	105.569
Deferred tax assets / (liabilities), net	**(24.371)**	**141.077**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

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	**01.01-30.06.2023**	**01.01-30.06.2022**
Profit for the period	4.223.888	4.159.403
Profit / (loss) attributable to non-controlling interest	(403.886)	2.280
Profit attributable to equity holders of the parent	**3.820.002**	**4.161.683**
Weighted average number of shares with nominal value	776.000	776.000
Earnings per share	**4,9227**	**5,3630**

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, and 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:

	30.06.2023	**31.12.2022**
Total financial liabilities	44.594.335	38.617.079
Less: cash and cash equivalents	(13.401.325)	(9.416.594)
Net financial debt	**31.193.010**	**29.200.485**
Total equity	26.742.394	19.964.275
Less: revaluation of tangible fixed assets	(1.251.273)	(1.251.273)
Total financing used	56.684.131	47.913.487
Net financial debt / Total financing used	**%55**	**%61**

b) Financial Risk Factors

The Group's principal financial instruments are cash, short-term time deposits and bank borrowings. The main purpose of the 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.

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

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

b) Financial Risk Factors (continued)

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.

	30.06.2023	**31.12.2022**
Foreign currency assets	16.458.247	12.571.968
Foreign currency liabilities	(45.779.368)	(23.320.588)
Net foreign currency position	**(29.321.121)**	**(10.748.620)**

(Amounts expressed in thousands of Turkish Lira (“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:

30.06.2023	USD	EUR	GBP	RUB	DZD	AED	RON	GEL	PLN	Other currencies TL equivalent	TL Equivalent
1. Trade receivables	125.534	114.011	21	--	7.156.536	--	4.915	9.528	--	19.092	7.957.233
2a. Monetary financial assets, (cash and banks)	39.791	12.639	1	7.178	108.128	18	41.462	41.918	2	447.059	2.500.419
2b. Non-monetary financial assets	53.391	884	10	--	63.414	--	3.751	1.752	--	--	1.454.465
3. Other	115.958	26.052	--	--	464.707	261	1.768	2.570	--	2.041	3.855.613
4. Current assets (1+2+3)	*334.674*	*153.586*	*32*	*7.178*	*7.792.785*	*279*	*51.896*	*55.768*	*2*	*468.192*	*15.767.730*
5. Trade receivables	642	--	--	--	--	--	--	--	--	--	16.584
6a. Monetary financial assets	--	--	--	--	--	--	--	--	--	--	--
6b. Non-monetary financial assets	--	--	--	--	3.209	--	--	--	--	--	612
7. Other	--	--	--	--	--	--	--	68.383	--	--	673.321
8. Non-current assets (5+6+7)	*642*	--	--	--	*3.209*	--	--	*68.383*	--	--	*690.517*
9. Total assets (4+8)	*335.316*	*153.586*	*32*	*7.178*	*7.795.994*	*279*	*51.896*	*124.151*	*2*	*468.192*	*16.458.247*
10. Trade payables	261.221	139.316	14	--	11.221.191	104	60.142	10.797	--	435.085	13.689.470
11. Financial liabilities	85.784	259.684	--	--	--	--	--	--	--	--	9.526.332
12a. Other monetary liabilities	47.118	5.141	--	--	612.130	--	1.864	4.803	--	3.162	1.539.168
12b. Other non-monetary liabilities	73.821	312.104	--	--	295.313	--	--	--	--	24.999	10.774.558
13. Current liabilities (10+11+12)	*467.944*	*716.245*	*14*	--	*12.128.634*	*104*	*62.006*	*15.600*	--	*463.246*	*35.529.529*
14. Trade payables	--	42.294	--	--	--	--	--	--	--	--	1.190.759
15. Financial liabilities	124.128	416	--	--	--	30.038	--	295.755	--	--	6.339.142
16a. Other monetary liabilities	13.791	--	--	--	--	--	--	227.567	--	--	2.596.801
16b. Other non-monetary liabilities	2.293	580	--	--	--	--	8.423	--	--	--	123.136
17. Non-current liabilities (14+15+16)	*140.212*	*43.290*	--	--	--	*30.038*	*8.423*	*523.322*	--	--	*10.249.838*
18. Total liabilities (13+17)	*608.156*	*759.536*	*14*	--	*12.128.634*	*30.142*	*70.429*	*538.922*	--	*463.246*	*45.779.368*
19. Net assets of off-balance sheet derivative items	--	*219.764*	--	--	--	--	--	--	--	--	*6.187.249*
19a. Total amount of assets hedged	--	249.114	--	--	--	--	--	--	--	--	7.013.569
19b. Total amount of liabilities hedged	--	29.350	--	--	--	--	--	--	--	--	826.320
20. Net foreign assets / (liability) position	*(272.840)*	*(356.835)*	*18*	*7.178*	*(4.332.640)*	*(29.863)*	*(18.533)*	*(414.771)*	*2*	*4.946*	*(22.307.552)*
21.Net foreign currency asset / (liability) position(=1+2a+5+6a-10-11-12a-14-15-16a)	*(366.075)*	*(320.201)*	*8*	*7.178*	*(4.568.657)*	*(30.124)*	*(15.629)*	*(487.476)*	*2*	*27.904*	*(24.407.437)*

(Amounts expressed in thousands of Turkish Lira (“TL”) unless otherwise indicated.)

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

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)*

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

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

b) Financial Risk Factors (continued)

b.3) Market Risk (continued)

b.3.1) Foreign Currency Risk (continued)

The table below presents the Group's sensitivity to a 10% deviation in foreign exchange rates (especially USD 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 an increase in profit / loss before tax or equity.

Foreign currency sensitivity analysis table

	30.06.2023			
	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	(8.249.483)	8.249.483	(8.249.483)	8.249.483
2- Hedged portion of USD risk (-)	--	--	--	--
3- USD net effect (1+2)	**(8.249.483)**	**8.249.483**	**(8.249.483)**	**8.249.483**
Change of EUR against TL by 10%				
4- Net EUR assets/liabilities	6.010.236	(6.010.236)	6.010.236	(6.010.236)
5- Hedged portion of EUR risk (-)	--	--	--	--
6- EUR net effect (4+5)	**6.010.236**	**(6.010.236)**	**6.010.236**	**(6.010.236)**
Change of other currencies against TL by 10%				
7- Net GBP assets/liabilities	(19)	19	(19)	19
8- Hedged portion of GBP risk (-)	--	--	--	--
9- GBP net effect (7+8)	**(19)**	**19**	**(19)**	**19**
Total (3+6+9)	**(2.239.266)**	**2.239.266**	**(2.239.266)**	**2.239.266**

(Amounts expressed in thousands of Turkish Lira ("TL") unless otherwise indicated.)

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

b) Financial Risk Factors (continued)

b.3) Market Risk (continued)

b.3.1) Foreign Currency Risk (continued)

Foreign currency sensitivity analysis table

31.12.2022				
	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)**

b.3.2) Interest rate risk management

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

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

Fair value of financial instruments

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

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

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

Monetary assets

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

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

Fair value of financial instruments (continued)

Monetary liabilities

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

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

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

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

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

36. Events After the Reporting Date

None.