**NURoL İNŞAAT
VE TİCARET A.Ş.
01 JANUARY - 31 DECEMBER 2022
CONSOLIDATED FINANCIAL STATEMENTS
TOGETHER WITH THE
INDEPENDENT AUDIT REPORT**

REF: 2022-090323-SPK-026

NUROL İNŞAAT VE TİCARET A.Ş.
Consolidated Financial Statements and Independent Audit Report
As of January 01, 2022 and December 31, 2022

To the General Assembly of Nurol İnşaat ve Ticaret A.Ş.;

A. Independent Auditor's Report for Consolidated Financial Statements

1) Opinion

We have audited the accompanying consolidated financial statements of Nurol İnşaat ve Ticaret A.Ş. ("the Company") and its subsidiaries, branches and joint ventures (together "the Group"), which comprise the consolidated balance sheet as at 31 December 2022 and the consolidated statements of income, comprehensive income, changes in equity and cash flow for the years then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of the Group as of 31 December 2022 and of its financial performance and its cash flows for the years then ended in accordance with Turkish Financial Reporting Standards issued by Public Oversight Accounting and Auditing Standards Authority.

2) Basis for Opinion

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

3) Emphasis of Matters

In the accompanying consolidated financial statements, the Group has consolidated its foreign construction companies and foreign branches fully and its joint ventures with proportional consolidation method. However, the Company has not presented consolidated financial statements to account for its subsidiaries owned more than 50% and has not applied equity accounting for those investments in which it has a shareholding between 20% - 50%. In the accompanying consolidated financial statements, the investments are carried at cost. Additionally, a separate audit report of the consolidated financial statements for Nurol Holding A.Ş., the parent company of Nurol İnşaat, has been consolidated. (Note:1)

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4) Other Matter

Consolidated subsidiaries of the Group, financial statements of Nurol L.L.C., Nurol Georgia L.L.C., Nurol Georgia Branch, Nurol Romania Branch, and Otoyol Yatırım ve İşletme A.Ş. for the accounting period of 01 January - 31 December 2022 were audited by other audit firms. "Unqualified Opinion" was given in the independent audit reports prepared by the aforementioned audit firms.

5) Key Audit Issues

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

Key Audit Matters	How our audit addressed the Key Audit Matter
Recognition of Revenue (Note 24- Note 13) A significant portion of the Group's revenue consists of project contracts and construction works (real estate development, construction contracts, armoured vehicle production, etc.). The consolidated revenue of the Group for the year ending on December 31, 2022 is thousand TL 8.365.698 (December 31, 2021: thousand TL 4.177.047), and a significant portion of the consolidated revenue consists of contract revenues related to the projects. Within the scope of revenue recognition, determining the results of construction projects that include project-specific conditions, especially the estimation of the cost to be incurred for the completion of the projects, the impact of the contract revenue on the uncertainties related to the results of future events and the accounting of the amounts related to the project amendments are based on the estimates and judgments of the management. Revenue recognition from construction and project contracts (together with the recognition of receivables from ongoing construction contracts and debts from ongoing construction contracts) has been identified as a key audit matter as it relies heavily on management's estimates and judgments.	During our audit, regarding the recognition of revenue in financial statements, the following audit procedures we have been applied: - We have reviewed the terms and conditions of construction contracts which have significance in the determination of whether revenue is recognized for the related period and evaluation of estimates used by the management. - We evaluated and tested the operating effectiveness of controls over the relevant processes regarding the accuracy and timing of revenue recognized in the consolidated financial statements. - Samples have been selected regarding the costs incurred for ongoing construction projects by the Group and have been tested using supporting documents. - The contract revenue associated with construction contracts have been recalculated using the input method. - The cost budgets of construction contracts and their forecasts have been compared with the results of the previous year to examine whether it is reasonable. Based on our audit, the disclosures in the notes to the consolidated financial statements related to the realization of the Group's revenue are reviewed and the adequacy of the information included in the notes have been deemed appropriate with regards to TFRS 15 and other related standards.

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5) Key Audit Issues (Continued)

Key Audit Matters	**How our audit addressed the Key Audit Matter**
Financial Liabilities (Note: 8) In the consolidated financial statements of the Group, short-term and long-term financial liabilities amount to thousand TL 11.306.429 (31.12.2021: Thousand TL 7.546.725), constituting 41.08% of the Group's total liabilities. Financial liabilities have been identified as a key audit matter due to the complexity of the audit and the calculation technique, which have a significant impact on the consolidated financial statements.	<u>During our audit, regarding the recognition of revenue in financial statements, the following audit procedures we have been applied:</u> -Our audit procedures are designed to question the accuracy of bank loans, and confirmatory documents such as important bank loans were provided during the audit process. - Confirmations regarding the Group's bank loan balances have been obtained. - Calculations related to current period loan interest provisions have been recalculated and checked. - Period-end exchange rate valuation transactions for foreign currency loans have been recalculated. - The explanations in the notes to the financial statements regarding bank loans were examined and the adequacy of the information included in these notes was evaluated.

Key Audit Matters	**How our audit addressed the Key Audit Matter**
Investments accounted for using the equity method (Note 16) Otoyol Yatırım ve İşletme A.Ş., which is valued by the Group's equity method and owns 25.95% (31.12.2021: 25.95 %), has a share of thousand TL 17.551.788 (31.12.2021: thousand TL 10.397.717) in Nurol İnşaat. For the accounting periods ending on 31 December 2022 and 2021, the share of the Group's investment in the profits, which is valued using the equity method is thousand TL 7.155.811 and thousand TL 5.514.162, respectively. Otoyol Yatırım ve İşletme A.Ş. has been accounted for using the equity method in its consolidated financial statements as of 31 December 2022 and 2021.	<u>During our audit, regarding the recognition of revenue in financial statements, the following audit procedures we have been applied:</u> -The total equity value of Otoyol Yatırım ve İşletme A.Ş., subject to investments valued by the equity method, as of 31 December 2022 is 67.636.947 thousand TL (31 December 2021: 40.068.272 thousand TL) and it is confirmed that the equity method is in line with the increase in the related valued investments. Investments valued by the recalculation method and the equity method, and the amount sent to the Profit and Loss statement have been made. - Financial statements, attendance sheets, general assembly minutes, trade registry gazettes, etc. for the investment valued by the equity method. The accuracy of the information in the records was checked. - An external confirmation letter has been received for investments valued using the equity method.

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

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

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

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

7) Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

7) Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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

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

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

B) Reports On Independent Auditor's Responsibilities Arising from Other Regulatory Requirements

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

According to paragraph four of article numbered as 402 of TCC (6102) at the accounting period of the Company as of January 1 – December 31, 2022, there is not any important matter encountered regarding the system of bookkeeping and financial statements.

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

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

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

Osman Tuğrul ÖZSÜT
Engaged Auditor

İstanbul, March 09, 2023

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

ASSETS	**Notes**	**Audited Current Period 31 December 2022 TL**	**Audited Current Period 31 December 2022 USD**	**Audited Prior Period 31 December 2021 TL**	**Audited Prior Period 31 December 2021 USD**
Current Assets					
Cash and cash equivalents	5	1.179.831	63.098	841.687	64.857
Financial investments	7	1.370	73	706	54
Trade receivables					
- Due from related parties	4	882	*47*	61	*5*
- Other trade receivables	6	1.476.240	*78.950*	842.885	*64.950*
Other receivables					
- Due from related parties	4	2.173	*116*	18.736	*1.444*
- Other receivables	9	458.314	*24.511*	113.419	*8.740*
Inventories	10	889.703	47.582	836.861	64.486
Receivables from ongoing construction works and projects	13	1.367.906	73.157	1.039.793	80.123
Prepaid expenses	11	77.466	4.143	51.282	3.952
Current income tax asset	28	150.608	8.055	168.143	12.957
Other current assets	22	321.248	17.181	243.335	18.751
Total non-current assets prior to discontinued operations		**5.925.741**	**316.913**	**4.156.908**	**320.317**
Available for sale financial assets	12	217.470	11.630	1.275.139	98.258
Total Current Assets		**6.143.211**	**328.543**	**5.432.047**	**418.575**
Non-Current Assets					
Financial investments					
Trade receivables					
- Due from related parties	4	7.119	*381*	8.812	*679*
- Other trade receivables	6	--	--	--	--
Other receivables					
- Due from related parties	4	94.142	*5.035*	889.638	*68.552*
- Other receivables	9	5.078	*272*	4.857	*374*
Investments	14	45.497	2.433	197.392	15.210
Investments recognized using the equity method	16	17.551.788	938.684	10.397.717	801.211
Investment properties	18	2.815.787	150.591	1.649.466	127.102
Property, plant and equipment	15	467.453	25.000	481.168	37.077
Intangible assets					
- Goodwill	17	23.333	*1.248*	23.333	*1.798*
- Other intangible assets	19	1.324	*71*	1.042	*80*
Prepaid taxes and funds	28	86.628	4.633	87.550	6.746
Prepaid expenses	11	563	30	6	--
Other non-current assets					
Deferred tax assets	28	279.688	14.958	268.603	20.698
Total Non-Current Assets		**21.378.400**	**1.143.334**	**14.009.584**	**1.079.528**
TOTAL ASSETS		**27.521.611**	**1.471.877**	**19.441.631**	**1.498.103**

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

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

LIABILITIES	**Notes**	**Audited Current Period 31 December 2022 TL**	**Audited Current Period 31 December 2022 USD**	**Audited Prior Period 31 December 2021 TL**	**Audited Prior Period 31 December 2021 USD**
Current Liabilities					
Financial liabilities	8	739.984	39.575	565.336	43.563
Trade payables					
- Due to related parties	4	48.963	*2.619*	3.638	*280*
- Other trade payables	6	2.869.893	*153.484*	1.239.166	*95.486*
Liabilities for employee benefits	21	56.765	3.036	28.792	2.219
Other payables					
- Due to related parties	4	5.062	*271*	73.728	*5.681*
- Other payables	9	40.248	*2.152*	35.227	*2.714*
Deferred income	11	70.392	*3.765*	86.721	*6.682*
Current income tax liabilities	28	--	--	--	--
Deferred contract revenue	13	292.221	*15.628*	312.328	*24.067*
Short term provisions					
- Short term provisions for employee benefits	21	37.077	*1.983*	27.021	*2.082*
- Other short term provisions	20	25.790	*1.379*	14.504	*1.118*
Other current liabilities	22	114.978	*6.149*	53.779	*4.144*
Total Current Liabilities		**4.301.373**	**230.041**	**2.440.240**	**188.036**
Non-Current Liabilities					
Financial liabilities	8	10.566.445	565.102	6.981.389	537.961
Trade payables					
- Due to related parties	4	--	--	--	--
- Other payables	6	2.017.570	107.901	1.030.632	*79.417*
Other payables					
- Due to related parties	4	--	--	1.861.543	*143.444*
- Other payables	9	23.755	1.270	1.788	138
Deferred income	11	330.646	17.683	287.022	22.117
Long term provisions					
- Long term provisions for employee benefits	21	100.642	5.382	71.641	5.520
Other non-current liabilities	22	2.550	*136*	1.091	*84*
Deferred tax liabilities	28	190.425	10.184	52.918	4.078
Total Non-Current Liabilities		**13.232.033**	**707.660**	**10.288.024**	**792.759**
EQUITY					
Equity Attributable to Owners of the Parent					
Share capital	23	900.000	48.133	444.000	34.213
Share capital adjustment differences	23	1.471	79	1.471	113
Other comprehensive income/expense not to be reclassified to profit					
- Actuarial gain / (loss)	23	(13.837)	*(740)*	(7.378)	*(569)*
- Revaluation and reclassification gains / (loss)	23	670.903	*35.880*	856.131	*65.970*
Other comprehensive income/expense not to be reclassified to profit					
- Currency translation differences		(541.813)	*(28.977)*	877.687	*67.631*
- Change in fair value of available-for-sale financial assets	23	32.427	*1.734*	1.076.629	*82.961*
Restricted reserves	23	263.893	14.113	367.203	28.295
Prior years' profit/(loss)		4.322.064	231.147	875.088	67.431
Net profit for the period		4.353.097	263.008	2.222.536	250.972
Non Controlling Interests		--	--	--	--
Total Equity		**9.988.205**	**564.378**	**6.713.367**	**597.020**
Translation difference		--	(30.201)	--	(79.712)
TOTAL LIABILITIES AND EQUITY		**27.521.611**	**1.471.877**	**19.441.631**	**1.498.103**

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

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

	Notes	Audited Current Period 1 January - 31 December 2022 TL	Audited Current Period 1 January - 31 December 2022 USD	Audited Prior Period 1 January - 31 December 2021 TL	Audited Prior Period 1 January - 31 December 2021 USD
Sales income	24	8.365.698	505.444	4.111.047	464.226
Cost of sales (-)	24	(6.659.188)	(402.339)	(3.701.622)	(417.993)
Gross profit		**1.706.510**	**103.105**	**409.425**	**46.233**
General administrative expenses (-)		(395.712)	(23.908)	(177.069)	(19.995)
Research and development expenses (-)		(19.957)	(1.206)	(4.183)	(472)
Other operating income	25	21.130	1.277	12.339	1.393
Other operating expenses (-)	25	(136.546)	(8.250)	(106.789)	(12.059)
Operating profit		**1.175.425**	**71.018**	**133.723**	**15.100**
Shares from profit / loss from investments revalued with the equity method	16	7.155.811	432.344	5.514.162	622.668
Income from investing activities	26	2.089.836	126.265	31.189	3.522
Expenses from investing activities (-)	26	(50.292)	(3.039)	(34.391)	(3.883)
Operating profit before financial income / (expenses)		**10.370.780**	**626.588**	**5.644.683**	**637.407**
Financial income	27	511.693	30.916	715.633	80.810
Financial expenses (-)	27	(6.403.194)	(386.872)	(4.406.806)	(497.624)
Profit / (loss) before tax		**4.479.279**	**270.632**	**1.953.510**	**220.594**
Tax income / (expenses) from continued operations					
Tax	28	--	--	--	--
Deferred tax charge	28	(126.182)	(7.624)	269.026	30.379
PROFIT / (LOSS) FOR THE PERIOD		**4.353.097**	**263.008**	**2.222.536**	**250.972**
Earnings per share	**29**	**0,00970**		**0,00501**	
EBITDA	**2,6**	**1.321.559**	**79.847**	**291.517**	**32.919**

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

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

Other Comprehensive Income	**Audited Current Period 1 January - 31 December 2022**	**Audited Prior Period 1 January - 31 December 2021**
	TL	**TL**
Profit for the Period	**4.353.097**	**2.222.536**
Other Comprehensive Income / (Expense):		
Items not to be reclassified to profit or loss	**(143.821)**	**32.416**
Revaluation of property, plant and equipment (Nurol LLC)	(152.768)	24.851
Revaluation of investment properties (Nurol İnşaat)	(32.460)	--
Actuarial gains / loss on defined benefit plans	(7.927)	(4.644)
Actuarial gains / loss on defined benefit plans deferred tax effect	1.468	1.785
Prior period loss' adjustment	47.866	10.424
Items to be reclassified to profit or loss	**(2.463.702)**	**858.838**
Currency translation differences	(1.419.500)	420.956
Available for sale financial assets	(1.044.202)	437.882
Other Comprehensive Income / (Expense)	**(2.607.523)**	**891.254**
Total Comprehensive Income	**1.745.574**	**3.113.790**

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

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

	Share capital	**Actuarial gain / (loss)**	**Revaluation and classification acquisition / (losses)**	**Foreign currency translation differences**	**Change in fair value of available-for-sale financial assets**	**Restricted reserves**	**Prior years' income**	**Net profit / (loss) for the period**	**Total**
Balance at 1 January 2021	**445.471**	**(4.519)**	**831.280**	**456.731**	**638.747**	**340.276**	**603.602**	**287.989**	**3.599.577**
Transfer to general reserves	--	--	--	--	--	26.927	261.062	(287.989)	--
Effect of changes in IAS 19 "Employee Termination Benefits" standard (Note 2)	--	(2.859)	--	--	--	--	--	--	(2.859)
Revaluation of property, plant and equipment (Nurol Dubai)	--	--	24.851	--	--	--	--	--	24.851
Foreign currency translation differences	--	--	--	420.956	--	--	--	--	420.956
Revaluation of financial assets held for sale	--	--	--	--	437.882	--	--	--	437.882
Correction of prior years losses	--	--	--	--	--	--	10.424	--	10.424
Net profit for the period	--	--	--	--	--	--	--	2.222.536	2.222.536
Balance at 31 December 2021	**445.471**	**(7.378)**	**856.131**	**877.687**	**1.076.629**	**367.203**	**875.088**	**2.222.536**	**6.713.367**
Capital increase									
-Cash	456.000	--	--	--	--	--	--	--	456.000
Transfer to general reserves	--	--	--	--	--	(103.310)	2.325.846	(2.222.536)	--
Effect of changes in IAS 19 "Employee Termination Benefits" standard (Note 2)	--	(7.048)	--	--	--	--	--	--	(7.048)
Revaluation of property, plant and equipments (Nurol Dubai LLC)	--	--	(152.768)	--	--	--	152.768	--	--
Cancelled revaluation of investment properties (Nurol İnşaat)	--	--	(32.460)	--	--	--	--	--	(32.460)
Foreign currency translation differences	--	--	--	(629.300)	--	--	--	--	(629.300)
Revaluation of financial assets held for sale	--	--	--	--	(1.044.202)	--	--	--	(1.044.202)
Correction of prior years losses	--	--	--	--	--	--	47.866	--	47.866
Effect of exclusion from consolidation	--	589	--	(790.200)	--	--	920.496	--	130.885
Net profit for the period	--	--	--	--	--	--	--	4.353.097	4.353.097
Balance at 31 December 2022	**901.471**	**(13.837)**	**670.903**	**(541.813)**	**32.427**	**263.893**	**4.322.064**	**4.353.097**	**9.988.205**

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

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

	Audited Current Period 1 January - 31 December 2022	**Restated Prior Period 1 January - 31 December 2021**
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit for the period	4.353.097	2.222.536
Adjustments to reconcile net cash generated		
Depreciation and amortization charge	146.134	157.794
Changes in doubtful debt provision	7.856	4.251
Provision for employee termination benefits	40.176	5.550
Changes in provision for lawsuits	9.323	9.956
Adjustments related to interest (income) / expense	1.259.661	355.735
Revaluation of property, plant and equipment (Nurol Dubai)	--	24.851
Period profit from investments recognized using the equity method	(7.155.811)	(5.514.162)
Foreign currency translation differences	(629.300)	420.956
Deferred tax asset / (liability), net	126.182	(269.026)
Tax effect of actuarial loss / gain	(1.468)	(1.785)
Changes in net working capital		
Increases/decreases in inventories	(52.842)	(259.967)
Increases/decreases in trade receivables	(640.339)	(223.138)
Increases/decreases in other receivables	466.943	(921.676)
Changes in receivables from costs on ongoing construction contracts	(328.113)	(176.381)
Increases / decreases in prepaid expenses	(26.741)	(35.108)
Increases / decreases in other current non-current assets	(77.913)	(136.590)
Increases/decreases in trade payables	2.662.990	801.259
Increases/decreases in other payables	(1.828.919)	1.613.494
Changes in receivables from costs on uncompleted construction contracts	(20.107)	185.952
Increase/decreases related to other liabilities in relation with advances received	43.624	151.844
Actuarial loss/gain	(6.459)	(2.859)
Tax paid/returned	18.457	(42.518)
Other short-term provisions	1.963	(227)
Net Cash Flows Generated from Operating Activities	**(1.631.606)**	**(1.629.259)**
B. CASH FLOWS FROM FINANCING ACTIVITIES		
Cash flows generated from/used in short term financial liabilities	174.648	109.187
Cash flows generated from/used in long term financial liabilities	3.585.056	2.441.208
Correction of prior years losses	47.866	10.424
Interest expense paid	(1.259.661)	(355.735)
Change in fair value of available-for-sale financial assets	1.057.669	(292.206)
Net Cash Flows Generated from Financing Activities	**3.605.578**	**1.912.878**
C. CASH FLOWS FROM INVESTMENT ACTIVITIES		
Capital increase	456.000	--
Proceeds from investments recognized using the equity method	1.740	869
Financial investments	151.231	(11.415)
Changes in property, plant and equipment	(117.932)	(297.710)
Changes in intangible assets	(1.302)	(829)
Changes in investment properties	(1.179.788)	(49.470)
Cancellation of revaluation of investment properties (Nurol İnşaat)	(32.460)	--
Exclusion from consolidation	130.885	--
Revaluation of held for sale financial assets	(1.044.202)	437.882
Net Cash Flows Used in Investment Activities	**(1.635.828)**	**79.327**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	**338.144**	**362.946**
D.CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**841.687**	**478.741**
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**1.179.831**	**841.687**

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

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

1. Organization and Nature of Activities of the Group

Nurol İnşaat ve Ticaret A.Ş. ("the Company" or "Nurol İnşaat") was established in 1966 to operate mainly in the construction sector. The Group is engaged in the construction of infrastructure and superstructure projects, dams, hydroelectric power plants, hotels, housing estates, turnkey production and industrial facilities and waste water treatment facilities.

The Group is a member of Nurol Holding Group. The Group's parent is "Nurol Holding A.Ş." and is ultimately controlled by the "Çarmıklı" family members.

The registered office address of the Group is Büyükdere Street Nurol Plaza No: 255 Kat:19 Maslak, Sarıyer, Istanbul, Turkey. As of 31 December 2022, 8.187 personnel were employed within the Group on average (31 December 2021: 9.368 personnel).

As of 31 December 2022 and 31 December 2021, the shareholding structure is as follows:

	31.12.2022	Share Ratio (%)	31.12.2021	Share Ratio (%)
Nurol Holding A.Ş.	899.533	99,9	443.533	99,9
Nurettin Çarmıklı	137	0,03	137	0,03
Mehmet Oğuz Çarmıklı	137	0,03	137	0,03
Aynur Türkan Çarmıklı	28	0,01	28	0,01
Müjgan Sevgi Kayaalp	28	0,01	28	0,01
Figen Çarmıklı	137	0,03	137	0,03
	900.000	**100,00**	**444.000**	**100,00**

Nurol İnşaat A.Ş. as registered in the Trade Registry Gazette dated 30 December 2022 and numbered 10737, the Company has increased its capital amounting to TL 456.000 thousand.

The Company's capital consists of 900.000 thousand shares, each with a nominal value of TL 1 (one Turkish Lira) (31 December 2021: 444.000 thousand shares, each with a nominal value of TL (one Turkish Lira).

The projects undertaken by the Group as of 31 December 2022 are summarized below (Note 13):

Turkey Projects
- Eyiste Viaduct Project (Nurol İnşaat)
- Silifke - Mut Road Construction Works (Nurol İnşaat)
- İzmir Çiğli Tramway Line Project (Nurol İnşaat)
- B1070 Test Building Construction Works (Nurol İnşaat)
- Ordu Highway Completion Project (Nurol - Yüksel - YDA - Özka Joint Venture),
- Yeşilyaka Project (Mesa - Nurol Joint Venture)
- Ümraniye – Ataşehir - Göztepe Metro Project (Gülermak - Nurol - Makyol Joint Venture)
- Yusufeli Group Dam Bridges Project (Nurol - Gülsan Joint Venture)

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

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

United Arab Emirates Projects
- Riyadh City South Phase-4 (Abu Dhabi)

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

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

Nurol L.L.C., Nurol Georgia L.L.C, Nurol İnşaat Georgia Branch, Nurol İnşaat Algeria Branch and Nurol İnşaat Romania Branch have been included in the accompanying consolidated financial statements fully and joint ventures have been included in the accompanying financial statements using the proportional consolidation method.

Otoyol Yatırım ve İşletme A.Ş. was established on 20 September 2010, in Ankara to construct, operate and transfer the Gebze-Orhangazi-Izmir Highway (including transition and connection roads of Izmir Bay) at the end of the period. The project is designed with the build - operate - transfer model. Nurol İnşaat owns 25.95% of the shares of Otoyol Yatırım ve İşletme A.Ş. (2021: 25.95%) and is listed in the accompanying consolidated financial statements under investments recognized using the equity method (Note 16).

	Branches and Joint Ventures (%)	
	31.12.2022	**31.12.2021**
Overseası		
Nurol LLC	100	100
Nurol Georgia LLC.	100	100
Nurol Georgia Branch	100	100
Nurol İnşaat Algeria Branch	100	100
Nurol İnşaat Morocco Branch (*)	--	100
Nurol İnşaat Romania Branch	100	100
Domestic		
Nurol - Cengiz Joint Venture (**)	--	50
Nurol - Cengiz Hasankeyf Joint Venture (***)	--	50
Özgün - Nurol Joint Venture	50	50
Nurol - Yüksel - YDA - Özka Joint Venture	40	40
Nurol - Mesa Joint Venture	50	50
Nurol - Gülermak Joint Venture	50	50
Nurol - Gülsan Joint Venture	50	50
Gama - Nurol Joint Venture	50	50
Nurol - Gülermak - Makyol Joint Venture	33,33	33,33
Nurol - Özaltın - Makyol - Astaldi - Göçay Joint Venture (NÖMAYG) (****)	--	25,17
Nurol - Yüksel - Özka - YDA Joint Venture	25	25

(*) The Group management has decided to liquidate Nurol İnşaat Morocco Branch as of 30 September 2022. It has not been consolidated to the accompanying financial statements dated 31 December 2022.

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

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

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

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

In the accompanying financial statements, the Company has consolidated its foreign construction companies and foreign branches fully and its joint ventures with proportional consolidation method. However, the Company has not presented consolidated financial statements to account for its subsidiaries owned more than 50% and has not applied equity accounting for those investments in which it has a shareholding between 20% - 50%. In the accompanying consolidated financial statements, the investments are carried at cost. Additionally, a separate audit report of the consolidated financial statements for Nurol Holding A.Ş., the parent company of Nurol İnşaat, is prepared.

Approval of consolidated financial statements

The consolidated financial statements of the Group as of 31 December 2022 were approved by the Board of Directors on 20 February 2023 and authorized for publication. The General Assembly has the authority to change the consolidated financial statements.

The ongoing projects of Nurol İnşaat, its foreign branches and subsidiaries as of 31 December 2022 are as follows:

Nurol İnşaat ve Ticaret A.Ş.

Eyiste Viaduct Project

The Eyiste Viaduct project started at the end of 2016 and includes the construction of a viaduct which will be constructed by a balanced console method consisting of 2 sides and 8 middle distances to be built on the Belören-Hadim state road in Konya province. The length of Viaduct is 1,372 meters is 155 m. The project's temporary admission made in November 2022.

Silifke-Mut Road Project

Silifke – Mut Road Project at Nurol İnşaat's responsibility, 16.7 km long 2x2 lane highway will be constructed together with tunnels and art works. According to project, a double tube highway tunnel with a total length of 6,850 m and an elevator with a length of 410 m, will be constructed by inclined hanging and balanced console method where II. Kılıç Arslan Bridge is located. The project is planned to be completed in October 2024.

İzmir Çiğli Tram Line Construction Works

The Tram Line to be constructed in the Çiğili District of İzmir includes the 500-metre-long tram bridge, electromechanical works and the extension of the platforms of the stops of the Konak Tram Line. The project is expected to be completed in May 2023.

B1070 Test Building Construction Project

B1070 Test Building Construction Works, located in Kahramankazan district of Ankara, with all infrastructure systems and connections with existing systems, in a fully functional and operational condition, and delivering it to TAI. The project includes a steel construction test building with a height of 60 meters and a closed area of 14,258 m2 and a reinforced concrete administrative building. The project is scheduled to be completed in November 2023.

Nurol L.L.C.

Nurol L.L.C. was established in April 2003 in Abu Dhabi, the capital city of the United Arab Emirates as a local company. Dubai branch was opened in 2004. The main purpose of the company is to evaluate the potential in the construction sector in the region and operate in voluminous projects. Nurol L.L.C. ongoing projects as of yearend 2022 are as follows:

Riyadh City South Phase-4

Within the scope of the project established on a land of 960 hectares, the construction and completion of infrastructure works including roads, pavements and landscaping works, street lighting, drinking water network, energy network and transformer center, rainwater and sewage systems, irrigation networks, telecommunication, monitoring and controlling center along with 3,199 villas and residential units are to be completed.

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

Nurol Georgia L.L.C.

Nurol Georgia was established in Batumi, Georgia in April 2007 to operate in the construction sector. Nurol Georgia has completed the construction of the Ministry of Internal Affairs building in Tbilisi, Sheraton Hotel in Batumi and headquarters of Nurol Georgia in Salibauri. Nurol Georgia has completed the Paravani HEPP Project under supervision of Nurol Makina Çelik in 2015.

Nurol İnşaat Georgia Branch

Nurol İnşaat Georgia Branch continues its activities in cooperation with Nurol Georgia L.L.C. The Batumi Sheraton Hotel, which was built by Nurol Georgia LLC and operated by Nurol Georgia Branch, was completed in the spring of 2010.

Nurol İnşaat Algeria Branch

Nurol İnşaat Algeria Branch was established in 2003 and the ongoing projects as of year-end 2022 are as follows:

Boukhroufa Dam Project

The project is assumed by Nurol-Özaltın joint venture. Project scope is the construction of the dam for 125 million m3 of irrigation water supply for the agricultural field of Bouteldja city in El Tarf province. The project is scheduled for completion in February 2024.

Souk Tleta Dam Project

Project scope is the construction of Tizi Ouzou province, Draa Ben Khedda Dam construction on the 8 km Bougdoura level for Tizi Ouzou and Boumdes region for 98 million m3 irrigation and drinking water supply. The project is scheduled for completion in November 2024.

Algeria Tizi-Ouzou Road, Tunnel and Access Roads Project

The project is assumed by Özgün-Nurol-Engoa joint venture. The scope of the project is construction and landscaping works of the main roads, superstructure and infrastructure works, drainage systems of the Access Road of the east-west highway at the Tizi Ouzou and Bouira provinces the project is scheduled for completion in December 2027.

Nurol Romania Branch

Design and Execution of subsection 3B; Nusfalau – Suplacu de Barcau 3B5 (km 66 + 500 – km 80 + 054.044) Motorway

The project is comprised of the construction of 5 bridges and 7 overpasses along with a 13.5 km long 2x2 lane motorway along with the design, earthworks, infrastructure relocation, sub-base, base and bituminous pavement works, bridges and overpass work. The project is planned to be completed in 24 months; 6 months design; 18 months construction. The project is planned to be complete on June 2023.

Nurol - Özgün Joint Venture

The Incorporation undertook the construction of the Connection Motorway between the East-West Highway and the City of Tzi Ouzu in Algeria with the contract signed in March 2014. Within the scope of the project, 48 km long highway connection including 3 double tube tunnels (2x2.7 km) and 25 viaducts / bridge crossings (2x10 km) will be realized.

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

Nurol Yüksel YDA Özka Joint Venture

Ordu Highway Completion Construction Project

The joint venture was established for the Ordu Highway Completion Construction Project's Contract, within the scope of the remaining from the main project, a motorway in the standards of a highway in the length of 21.4 km will be constructed. According to the agreement, the project is planned to be completed in October 2024.

Mesa-Nurol Joint Venture

Yeşilyaka Project

The partnership has been established for the construction of Yeşilyaka Project. Yeşilyaka, Büyükçekmece, is located on the land in size of 1,000,000 m2 in Sırtköy area is including planned villa, social facility, sale office and trade area. The project is planned to be completed in October 2024.

Nurol-Gülsan Joint Venture

Yusufeli Dam Bridge Construction Project

The partnership was established for the construction of Yusufeli Dam Bridges, and a total of 2,209 m length balanced 4 console bridges will be constructed. The project's temporary acceptance made on 15 June 2022.

Yusufeli Dam Bridge Project Extension Works

The partnership was established for the Yusufeli Dam Bridges Extension Contract and within the scope of the project; steel deck and assembly works, bridge deck insulation, expansion joints, guardrail and pedestrian guardrail manufacturing, mastic and stone mastic asphalt construction, approach roads and fillings, approach roads retaining structures, asphalt approach roads and landslide rehabilitation mini-excavation manufacturing. The length of the work of the project is 685 meters. The steel works will be 8.000 tons in total and all protection measures will be taken and transportation and assembly will be done in accordance with the specifications. The project is planned to be completed in December 2023.

Gülermak-Nurol-Makyol Joint Venture

Ümraniye-Ataşehir-Göztepe Metro Project

The partnership was established for the construction of Ümraniye-Ataşehir-Göztepe Metro Project. The project is comprised of a total of 11 stations with 13 km length of single-line TBM tunnels, 2 railway tunnels (to be excavated with NATM method) and Dudullu-Bostancı metro line with one-line connection tunnel (with NATM method) construction, architecture works and electromechanical installations. The project is planned to be completed in January 2025.

2. Basis of Presentation of the Consolidated Financial Statements

2.1 Basis of Presentation

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

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

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

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

2.1 Basis of Presentation (Continued)

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

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

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

Functional and reporting presentation currency

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

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

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

Going Concern

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

2.2 Restatement and Errors in the Accounting Policies Estimates

Accounting policy changes resulting from the first application of a new standard, if any, are applied retrospectively or prospectively in accordance with the transitional provisions. Changes that do not include any transitional provisions, optional significant changes in accounting policy or accounting errors detected are applied retrospectively and prior period financial statements are restated. Changes in accounting estimates are applied in the current period if the change is made, if it relates to only one period, and both in the period when the change is made and prospectively if it is related to future periods. The significant estimates used in the preparation of the consolidated financial statements for the year ended 31 December 2022 are consistent with the estimates applied in the preparation of the consolidated financial statements for the years ended 31 December 2021.

2.3 Principles of Consolidation

Consolidated financial statements, parent company Nurol İnşaat ve Sanayi A.Ş. and its subsidiaries, affiliates, joint ventures and financial investments accounts prepared according to the principles set forth in the following articles.

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

2.3 Principles of Consolidation (Continued)

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 fulfillment of the following conditions:

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

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

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

Branches

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

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

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.

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

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

2.3 Principles of Consolidation (Continued)

Investments

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

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

Non-controlling interests

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

Transactions eliminated on consolidation

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

2.4 Comparative Information and Adjustment of Financial Statements of Previous Period

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

2.5 New and Amended Financial Reporting Standards

a) Amendments that are mandatorily effective from 2022

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

Amendments to TFRS 3 *Reference to the Conceptual Framework*

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

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

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

2.5 New and Amended Financial Reporting Standards (Continued)

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

Amendments to TAS 16 *Proceeds before Intended Use*

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

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

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

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

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

Annual Improvements to TFRS Standards 2018-2020 Cycle

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

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

Amendments to TFRS 9 *Financial Instruments*

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

Amendments to TAS 41 *Agriculture*

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

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

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

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

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

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

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

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

2.5 New and Amended Financial Reporting Standards (Continued)

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

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

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

TFRS 17 *Insurance Contracts*

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

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

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

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

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

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

Amendments to TAS 1 *Disclosure of Accounting Policies*

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

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

Amendments to TAS 8 *Definition of Accounting Estimates*

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

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

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

2.5 New and Amended Financial Reporting Standards (Continued)

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

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

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

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

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

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

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

Amendments are effective with the first application of TFRS 17.

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

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

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

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

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

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

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

2.6 Summary of Significant Accounting Policies

Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts (Note 5). Bank deposits with original maturities of more than three months are classified under short-term financial investments.

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

2.6 Summary of Significant Accounting Policies

Related Parties

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

(a) A person or a close member of that person's family is related to a reporting entity if that person:

(i) has control or joint control over the reporting entity;
(ii) has significant influence over the reporting entity;
(iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies (continued):

(i) The entity and the reporting entity are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member).
(iii) Both entities are joint ventures of the same third party.
(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
(v) The entity is a post-employment defined benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
(vi) The entity is controlled or jointly controlled by a person identified in (a).
(vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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

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

Revenue

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

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

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

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

2.6 Summary of Significant Accounting Policies (Continued)

Revenue (continued)

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

Income from construction contracts

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

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

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

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

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

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

Each project contract is evaluated by the technical teams regarding the expected change in the upcoming costs and the profitability of the contracts that is determined as of the balance sheet dates.

Besides the amounts of the contracts subjected to escalation as of the reporting date, are estimated based on the contract details.

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

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

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

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)

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.

Rendering of services

Revenue acquired from rendering of services is recognized according to the stage of completion.

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.

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

Available for sale investments

Available-for-sale investments, in which the Group has controlling interests equal to or above 20%, or over which are either immaterial or where a significant influence is not exercised by the Group, that do not have quoted market prices in active markets and whose fair values cannot be reliably measured are carried at cost less any provision for impairment.

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

2.6 Summary of Significant Accounting Policies (Continued)

Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and any impairment in value.

The initial cost of property, plant and equipment comprises its purchase price and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenses for the repair of property, plant and equipment are normally charged against income. They are, however, capitalized in exceptional cases if they result in an enlargement or substantial improvement of the respective assets.

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

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

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

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

	Useful Life
Buildings	10-50 years
Land improvements	5-25 years
Machinery and equipment	3-17 years
Motor vehicles	5 years
Furniture, fixtures and office equipment	4-50 years

Intangible Assets and Amortization

Intangible assets which are mainly software licenses 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). The carrying values of intangible assets are reviewed for impairment when there is any event or changes in circumstances indicate that the carrying value may not be recoverable.

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.

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

2.6 Summary of Significant Accounting Policies (Continued)

Intangible Assets and Amortization (Continued)

-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

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.

Other intangible assets are measured by deducting accumulated amortization and accumulated depreciation, if any, from other intangible assets that have been purchased by the Company and have a certain useful life.

- Derecognition of intangible assets

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

Investment properties

Investment properties are properties held for the purpose of earning rent and/or value increase, and they are presented at cost less any accumulated impairment losses, if any.

Investment properties are derecognized if they are sold or become unusable and it is determined that no future economic benefits will be obtained from the sale. Gains and losses arising from the expiration of the investment property or its sale are included in the consolidated statement of profit and loss in the period they occur under income (expenses) from investment activities.

Transfers are made when there is a change in the use of investment property. For a transfer from an investment property followed on a fair value basis to an owner-occupied property, the estimated cost in post-transfer recognition is the fair value of the property at the date of the change in use. If an owner-occupied property converts to an investment property to be presented on a fair value basis, the entity applies the accounting policy applied to "Tangible Fixed Assets" until the change in use occurs.

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.

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

2.6 Summary of Significant Accounting Policies (Continued)

Impairment of assets (continued)

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.

Finance leases

The Group - as the lease

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

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

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

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

- fixed lease payments (substantially fixed payments) less any lease incentives;
- variable lease payments based on an index or rate, initially measured using an index or rate at the commencement date of the lease;
- The amount of debt expected to be paid by the lessee under residual value guarantees,
- The enforcement price of the payment options, where the lessee will reasonably implement the payment options; and
- penalty payment for the cancellation of the rental if there is a right to cancel the rental during the rental period.

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

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

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

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.

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)

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

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

Group - as a lessor

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

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

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

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

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

Borrowing costs

In the case of assets that take significant time to get ready for use or sale, borrowing costs directly attributable to their acquisition, construction or production are included in the cost of the asset until it is ready for use or sale. Financial investment income obtained by temporarily investing the unspent portion of the investment loan in financial investments is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in the profit or loss in the period in which they are incurred.

Trade payables

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

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

2.6 Summary of Significant Accounting Policies (Continued)

Financial instruments

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

<u>*Financial assets*</u>

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

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

Classification of financial assets

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

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

Financial assets that meet the following conditions are recognized at fair value through other comprehensive income. measured by reflection:

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

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

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

(i) Amortized cost and effective interest method

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

2. Basis of Presentation of the 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 (continued)

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

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

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

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

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

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

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

(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)

Classification of financial assets (continued)

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

Foreign exchange gains and losses

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

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

Impairment of financial assets

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

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

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

Measuring and accounting for expected credit losses

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

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

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

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

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

Financial liabilities

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

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

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

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

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

The entity does not reclassify any financial liabilities.

Derecognition of financial liabilities

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

Derivative financial instruments

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

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)

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

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.

Business combinations and goodwill

Nurol İnşaat owned 21.6% shares of Otoyol Yatırım İşletme A.Ş in 2012. Otoyol Yatırım İşletme A.Ş. has decided to increase its share capital from TL 250 million to TL 1 billion on 16 July 2013. In addition, Nurol İnşaat has increased its shares to 26.98% by purchasing shares of Yüksel İnşaat A.Ş. and Göçay İnşaat Taahhüt ve Ticaret A.Ş. with this purchase, for the 5% share, goodwill in the amount of TL 23,333 thousand has been paid (Note 17). As of 31 December 2019, part of the shares was sold back to Göçay İnşaat Taahhüt ve Ticaret A.Ş. and therefore Nurol İnşaat holds 25.95% of the shared as of 31 December 2022.

Provisions, contingent assets and liabilities

Provisions

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

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

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

Contingent Assets and Liabilities

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

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

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

2.6 Summary of Significant Accounting Policies (Continued)

Foreign currency transactions

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

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

Employee benefits

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

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

The severance pay liability in the accompanying consolidated financial statements has been calculated in accordance with the recognition and valuation principles specified in TAS 19 "Employee Benefits". Since the severance pay obligations are identical with the 'Specific Post-employment Benefit Plans' defined in this standard in terms of their characteristics, these liabilities have been calculated and included in the financial statements using some of the assumptions explained below. The main assumptions used as of 31 December 2022 and are as follows:

	31 December 2022	31 December 2021
Interest rate	%22,20	%21,00
Inflation rate	%19,90	%16,40

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

Earnings per share

Earnings per share disclosed in the accompanying consolidated statement of income is determined by dividing net income by the weighted average number of shares circulating during the year concerned.

In Turkey, companies can raise their share capital by distributing "Bonus Shares" to shareholders from retained earnings. In computing earnings per share, such "Bonus Share" distributions are assessed as issued shares. Accordingly, the retrospective effect for those share distributions is taken into consideration in determining the weighted-average number of shares outstanding used in this computation.

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

2.6 Summary of Significant Accounting Policies (Continued)

Government grants and incentives

Grants from the government are recognized at fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all the required conditions.

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 fulfill its liabilities as of the reporting period are taken into account.

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

2.6 Summary of Significant Accounting Policies (Continued)

Taxes calculated on corporate income and deferred tax (Continued)

Deferred Tax (continued)

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

Current and Deferred Income Tax

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

Statement of cash flows

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

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

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

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

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

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

EBITDA

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

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

2.6 Summary of Significant Accounting Policies (Continued)

Events after the reporting date

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

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

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.

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.

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

3. Geographical Segment Reporting

Information of total assets and total liabilities of the Group per geographical segments as of 31 December 2022 and 2021 are as follows:

31.12.2022	Turkey	United Arab Emirates	Georgia	Algeria	Morocco	Romania	Eliminations	Total
Total assets	23.511.247	2.615.380	2.009.888	1.266.451	--	547.416	(2.428.771)	27.521.611
Total liabilities	23.511.247	2.615.380	2.009.888	1.266.451	--	547.416	(2.428.771)	27.521.611

31.12.2021	Turkey	United Arab Emirates	Georgia	Algeria	Morocco	Romania	Eliminations	Total
Total assets	8.822.414	1.897.068	662.337	603.580	73.650	235.452	7.147.130	19.441.631
Total liabilities	8.822.414	1.897.068	662.337	603.580	73.650	235.452	7.147.130	19.441.631

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

3. Geographical Segment Reporting (Continued)

Income statement information of the Group per geographical segment as of 31 December 2022 is as follows:

1 January - 31 December 2022	**Turkey**	**United Arab Emirates**	**Georgia**	**Algeria**	**Morocco**	**Romania**	**Eliminations**	**Total**
Revenue	4.985.434	1.478.292	198.290	514.138	--	1.217.860	(28.316)	8.365.698
Cost of sales	(3.132.754)	(1.974.881)	(114.391)	(332.192)	--	(1.117.585)	12.615	(6.659.188)
Gross profit/(loss)	**1.852.680**	**(496.589)**	**83.899**	**181.946**	**–**	**100.275**	**(15.701)**	**1.706.510**
Operating expenses	(182.090)	(64.983)	(39.049)	(17.050)	--	(128.198)	15.701	(415.669)
Other operating income/(expenses), net	(17.928)	9.311	(2.190)	(104.609)	--	--	--	(115.416)
Operating profit / (loss)	**1.652.662**	**(552.261)**	**42.660**	**60.287**	**–**	**(27.923)**	**–**	**1.175.425**
Shares from profit of investments revalued with the equity method	7.155.811	--	--	--	--	--	--	7.155.811
Investment income/(expenses)	903.804	(27.682)	1.162.946	476	--	--	--	2.039.544
Financial income/(expenses) net	(5.704.779)	(41.377)	56.128	(161.364)	--	(10.566)	(29.543)	(5.891.501)
Profit/(loss) before tax from continued operations	**4.007.498**	**(621.320)**	**1.261.734**	**(100.601)**	**–**	**(38.489)**	**(29.543)**	**4.479.279**
Tax expense for the year	--	--	--	--	--	--	--	--
Deferred tax income/(expenses), net	47.823	--	(174.005)	--	--	--	--	(126.182)
Net profit/(loss) for the period	**4.055.321**	**(621.320)**	**1.087.729**	**(100.601)**	**–**	**(38.489)**	**(29.543)**	**4.353.097**

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

3. Geographical Segment Reporting

Income statement information of the Group per geographical segment as of 31 December 2021 is as follows:

1 January – 31 December 2021	Turkey	United Arab Emirates	Georgia	Algeria	Morocco	Romania	Eliminations	Total
Revenue	2.426.756	1.238.509	96.790	285.773	--	119.998	(56.779)	4.111.047
Cost of sales	(1.921.937)	(1.395.667)	(58.450)	(270.271)	(569)	(105.012)	50.284	(3.701.622)
Gross profit/(loss)	**504.819**	**(157.158)**	**38.340**	**15.502**	**(569)**	**14.986**	**(6.495)**	**409.425**
Operating expenses	(58.075)	(67.693)	(28.073)	(4.003)	--	(29.903)	6.495	(181.252)
Other operating income/(expenses), net	(103.959)	8.888	--	623	(2)		--	(94.450)
Operating profit / (loss)	**342.785**	**(215.963)**	**10.267**	**12.122**	**(571)**	**(14.917)**	**–**	**133.723**
Shares from profit of investments revalued with the equity method	5.514.162	--	--	--	--	--	--	5.514.162
Investment income/(expenses)	(4.523)	1.321	--	--	--	--	--	(3.202)
Financial income/(expenses) net	(3.302.702)	10.499	24.874	(415.249)	--	(2.252)	(6.343)	(3.691.173)
Profit/(loss) before tax from continued operations	**2.549.722**	**(204.143)**	**35.141**	**(403.127)**	**(571)**	**(17.169)**	**(6.343)**	**1.953.510**
Tax expense for the year	--	--	--	--	--	--	--	--
Deferred tax income/(expenses), net	219.446	--	49.580	--	--	--	--	269.026
Net profit/(loss) for the period	**2.769.168**	**(204.143)**	**84.721**	**(403.127)**	**(571)**	**(17.169)**	**(6.343)**	**2.222.536**

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

4. Related Parties Disclosures

a) Current trade receivables from related parties	**31.12.2022**	**31.12.2021**
Oğuz Çarmıklı	427	--
Figen Çarmıklı	264	--
Nurettin Çarmıklı	187	--
Botim İşletme Yönetim ve Ticaret A.Ş.	--	30
FNSS Savunma Sistemleri A.Ş.	--	15
SGO İnşaat Sanayi ve Ticaret A.Ş.	--	13
Other	4	3
	882	**61**

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

c) Trade payables to related parties	**31.12.2022**	**31.12.2021**
Nurol Holding A.Ş.	39.656	--
Enova Elektrik Enerjisi Toptan Satış A.Ş.	2.904	853
Nurol Sigorta Aracılık Hizmetleri A.Ş.	2.613	2.619
SGO İnşaat Sanayi ve Ticaret A.Ş.	1.763	--
Nurol Grup Elektrik Toptan Sat. A.Ş.	1.671	--
Botim İşletme Yönetim ve Ticaret A.Ş.	313	41
Nurol İşletme ve Gayrimenkul Yön. AŞ	31	--
Bosfor Turizm İşletmecilik A.Ş.	10	123
Other	2	2
	48.963	**3.638**

d) Other current receivables to related parties	**31.12.2022**	**31.12.2021**
Botim İşletme Yönetim ve Ticaret A.Ş.	2.133	1.273
Nurettin Çarmıklı	28	7.044
Oğuz Çarmıklı	7	5.419
Figen Çarmıklı	--	4.850
SGO İnşaat Sanayi ve Ticaret A.Ş.	--	147
Other	5	3
	2.173	**18.736**

e) Other current receivables from related parties	**31.12.2022**	**31.12.2021**
Otoyol Yatırım İşletme A.Ş.	94.142	56.463
Nurol Holding A.Ş.	--	833.175
	94.142	**889.638**

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

4. Related Parties Disclosures

f) Other current payables to related parties	31.12.2022	31.12.2021
Nurol Holding A.Ş.	4.601	73.470
Nurol Yatırım Bankası A.Ş.	258	258
Nurol Teknoloji Sanayi ve Madencilik. Ticaret A.Ş.	132	--
Otoyol Yatırım ve İşletme A.Ş.	71	--
	5.062	**73.728**

g) Other non-current payables to related parties	31.12.2022	31.12.2021
Nurol Holding A.Ş.	--	1.861.543
	--	**1.861.543**

5. Cash and Cash Equivalents

	31.12.2022	31.12.2021
Cash on hand	6.212	11.117
Cash at banks		
- *demand deposits*	982.579	815.561
- *time deposits (with maturities of less than three months)*	191.002	14.894
Credit card receivables	38	115
	1.179.831	**841.687**

As of 31 December 2022, and 2021, details of cash and cash equivalents are as follows:

	31.12.2022	31.12.2021
Cash at hand	6.212	11.117
- *Demand*		
- AED	506.191	558.260
- TL	224.949	149.181
- RON	41.382	47.436
- GEL	35.198	24.297
- DZD	1.471	21.155
- EUR	96.634	13.390
- USD	76.675	1.576
- MAD	--	114
- GBP	--	104
- RUB	72	48
- PLN	7	--
- *Time deposits*		
- TL	191.002	14.240
- USD	--	654
Credit card receivables	38	115
	1.179.831	**841.687**

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

6. Trade Receivables and Payables

	31.12.2022	31.12.2021
Current trade receivables		
- Nurol İnşaat ve Ticaret A.Ş.	164.771	105.803
- Nurol Algeria Branch	853.447	438.519
- Nurol LLC	259.372	93.603
- Nurol Gülermak Makyol Joint Venture	76.670	100
- Nurol Romania Branch	64.144	7.053
- Özgün Nurol Joint Venture	45.663	14.911
- Nurol Georgia Branch	4.914	2.620
- Nurol Yüksel YDA Özka Joint Venture	2.656	6.373
- Nurol Mesa Joint Venture	2.245	4.108
- Gülsan Nurol Joint Venture	641	518
- Nurol Gülermak İş Ortaklığı	637	155.518
- Nurol Morocco Branch	--	5.240
- Nurol Cengiz Hasankeyf Joint Venture	--	565
- Nurol Cengiz Joint Venture	--	349
Receivables from related parties (Note 4)	882	61
Notes receivable	1.080	7.141
Doubtful trade receivables	16.514	10.235
Provision for doubtful trade receivables (-)	(16.514)	(10.235)
Other	--	464
	1.477.122	**842.946**

	31.12.2022	31.12.2021
Non-current trade receivables		
Non-current trade receivables from related parties (note 4)	7.119	8.812
	7.119	**8.812**

Movement of doubtful receivables is as follows:

	01.01-31.12.2022	01.01-31.12.2021
Opening balance, 01 January	***10.235***	***5.707***
Provisions during the period (Note 25)	5.483	2.216
Foreign currency translation difference (Note 25)	2.190	2.524
Companies excluded from consolidation	(140)	--
Collections/provisions no longer required (-) (Note 25)	(1.254)	(212)
Closing balance, 31 December	**16.514**	**10.235**

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

6. Trade Receivables and Payables (Continued)

	31.12.2022	**31.12.2021**
Current trade payables		
- Nurol İnşaat ve Ticaret A.Ş.	211.720	185.311
- Nurol LLC	872.657	593.319
- Nurol Algeria Branch	1.410.603	170.280
- Nurol Romania Branch	205.478	188.619
- Nurol Gülermak Makyol Joint Venture	121.302	61.034
- Özgün Nurol Joint Venture	23.689	--
- Gülsan Nurol Joint Venture	9.536	4.768
- Nurol Georgia	6.503	2.846
- Nurol Gülermak Joint Venture	5.022	12.124
- Nurol Mesa Joint Venture	2.981	2.016
- Nurol Yüksel Özka YDA Joint Venture	220	--
- Nurol Yüksel YDA Özka Joint Venture	182	18.444
- Nurol Cengiz Joint Venture	--	185
- Nurol Morocco Branch	--	119
- Nömayg Joint Venture	--	101
Trade payables to related parties (Note 4)	48.963	3.638
	2.918.856	**1.242.804**

	31.12.2022	**31.12.2021**
Noncurrent trade payables		
Trade payables (*)	2.017.570	1.030.632
	2.017.570	**1.030.632**

(*) Non-current trade payables consist of transit trade transactions within the scope of construction materials acquired abroad.

7. Financial Assets

	31.12.2022	**31.12.2021**
Current		
Stock shares	1.370	706
	1.370	**706**

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

8. Financial Liabilities

	31.12.2022	31.12.2021
Current financial liabilities		
Current bank borrowings	516.295	357.417
Financial lease payables	121.354	174.681
Interest accruals	102.335	22.417
Credit card payables	--	59
Total current financial liabilities	**739.984**	**554.574**
Short-term portion of long-term bond issuances and interest accruals	--	10.762
Total short-term portion of short-term borrowings	**739.984**	**565.336**
Non-current financial liabilities		
Non-current bank borrowings	8.457.862	5.481.392
Financial lease payables	8.583	99.997
Total non-current financial liabilities	**8.466.445**	**5.581.389**
Long-term bond issues (*)	2.100.000	1.400.000
Total non-current liabilities	**10.566.445**	**6.981.389**
Total financial liabilities	**11.306.429**	**7.546.725**

Long-Term Bonds Issued:

(*) The Company's quarterly interest quoted on the Istanbul Stock Exchange amounting to TL 1.4 billion on 29 December 2021 with a maturity of 24 December 2024, TL 100.000 thousand on 30 May 2022 with a maturity of 23 May 2025, and TL 600.000 thousand on 07 December 2022 with a maturity of 04 December 2025 with a coupon interest rate of TLREF+600 bond issuance.

The repayment schedule of the financial liabilities are as follows:

	31.12.2022	31.12.2021
Within 1 year	739.984	565.336
1 – 2 years	7.775.759	5.125.932
2 – 3 years	2.790.686	1.689.204
3 – 4 years	--	166.253
	11.306.429	**7.546.725**

Letters of guarantee, guarantee cheques and suretyships of shareholders' and Nurol Holding given for bank loans by Nurol İnşaat are listed in Provisions, Contingent Assets and Liabilities (Note 20).

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

8. Financial Liabilities (Continued)

Summary information on short and long-term financial liabilities is as follows:

		Foreign currency		Amount "TL"	
	Average Interest rate %	**31.12.2022**	**31.12.2021**	**31.12.2022**	**31.12.2021**
Current borrowings					
- TL	23,56	--	--	272.730	223.232
Joint ventures					
Nurol LLC loans		48.110	38.192	243.565	134.185
Current finance lease payables:					
- TL financial lease payables		--	--	16.236	34.302
- EUR financial lease payables		5.273	9.561	105.118	140.379
Interest accruals		--	--	102.335	33.179
Credit card payables		--	--	--	59
				739.984	**565.336**
Non-current borrowings					
- TL	23,46	--	--	--	17.956
- USD	9,53	25.000	24.000	467.458	311.460
- EUR	9,94	104.000	8.000	2.073.230	117.458
Joint ventures					
Nurol LLC loans		86.163	91.677	436.217	322.098
Nurol Georgia LLC loans		29.919	36.015	207.772	151.148
Non-current finance lease payables					
- TL financial lease payables		--	--	8.582	22.577
- EUR finance lease payables		--	5.273	--	77.421
Long-term bond issues		--	--	2.100.000	1.400.000
Reclassified financial liabilities (*)					
- TL	23,46	--	--	1.854.392	1.898.878
- USD	9,53	100.241	87.108	1.874.331	1.130.442
- EUR	9,94	77.475	104.340	1.544.463	1.531.951
				10.566.445	**6.981.389**

(*) Bank loans are generally obtained in connection with construction and contracting activities carried out. Based on agreements made with creditor banks (written or none written) the repayment of the loans will be made by discharge of progress billing realized over the construction period. The maturity date of the loans is revised subject to extensions made in the completion periods according to the status of the projects. Reclassified bank loans are short term financial liabilities according to signed legal documents. However, they are considered as long-term bank loans economically because they have been and they are rolled over to the following years. As a result, reclassified bank loans are in economic substance long term bank loan.

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

9. Other Receivables and Payables

	31.12.2022	31.12.2021
Other current receivables		
Due from related parties and shareholders (Note 4)	2.173	18.736
Advances given to personnel	2.065	923
Deposits and guarantees given		
- Nurol LLC	283.479	96.557
- Nurol Romanian Branch	172.184	15.436
- Nurol Morocco Branch	--	41
- Nurol Gama Joint Venture	--	14
- Nurol Gülermak Joint Venture	10	10
- Nurol Gülermak Makyol Joint Venture	126	3
Other receivables	450	435
Doubtful other receivables	1.593	156
Provision for doubtful other receivables (-)	(1.593)	(156)
	460.487	**132.155**

Movement of other doubtful receivables is as follows:

	01.01-31.12.2022	01.01-31.12.2021
Opening balance, 01 January	***156***	***433***
Provisions during the period (Note 25)	1.437	10
Collections/provisions no longer required (-) (Note 25)	--	(287)
Closing balance, 31 December	**1.593**	**156**

	31.12.2022	31.12.2021
Other non-current receivables		
Due from related parties (Note 4)	94.142	889.638
Deposits and guarantees given	5.078	4.857
	99.220	**894.495**

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

9. Other Receivables and Payables (Continued)

	31.12.2022	31.12.2021
Other current payables		
Due to related parties (Note 4)	5.062	73.728
Deposits and guarantees received	40.206	35.192
Other	42	35
	45.310	**108.955**

	31.12.2022	31.12.2021
Other non-current payables		
Due to related parties (Note 4)	23.755	1.788
Deposits and guarantees received	--	1.861.543
	23.755	**1.863.331**

10. Inventories

	31.12.2022	31.12.2021
Construction materials	146.272	68.786
Investment properties under construction		
- Zekeriyaköy villas	--	15.280
- Mesa Nurol Yeşilyaka villas (*)	93.369	438.454
- Morocco Branch	80.488	48.622
- Romania Branch	131.473	25.069
- Nurol Gülermak Makyol	475	15.826
Finished goods (predominantly completed residence construction projects)		
- Nurol İnşaat ve Ticaret A.Ş.	423.286	219.986
- Nurol Georgia (**)	3.887	2.328
Other inventories	3.171	2.047
- Romania Branch (***)	7.282	463
	889.703	**836.861**

(*) Mesa Nurol Yeşilyaka project 1st Stage (Protection), 2. Stage (Water), Stage 3 (production has not started) consists of villa projects. It includes 679 villas, social facilities and general areas with a total construction area of 245.426 m2.

(**) Nurol Georgia Residence project consists of 54 residences and 3 shops on 6.423 m2 construction area. Sales of 25 residences and 1 shop were realized. The remaining apartments and shops are followed under the finished goods account.

(***) The Nusfalau - Suplacu de Barcau Highway Construction Works undertaken by the Romanian Branch consists of asphalt, aggregate and filling materials within the scope.

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

11. Prepaid Expenses and Deferred Income

	31.12.2022	31.12.2021
Prepaid expenses in current assets		
Order advances given for inventories	52.803	33.696
Prepaid expenses (*)	24.663	17.586
	77.466	**51.282**

(*) Prepaid expenses of TL 4.7 million consist of all risk insurances made within the scope of Nurol LLC's projects started in 2018 and still ongoing in Dubai.TL 10.6 million of it consists of all risk insurances within the scope of the ongoing project in Algeria. The remaining TL 9.199 thousand of the balance consists of insurance expenses classified in accordance with the periodicity principle.

	31.12.2022	31.12.2021
Prepaid expenses in non-current assets		
Prepaid expenses	543	--
Advances given for tangible and intangible assets	20	6
	563	**6**

Prepaid expenses in current assets	31.12.2022	31.12.2021
Advances received		
- Nurol Algeria Branch	44.035	39.374
- Mesa Nurol Yeşilyaka Villas (Nurol İnşaat)	12.048	6.979
-Nurol Gülermak Makyol Joint Venture	9.583	--
-Nurol Gülermak Joint Venture	--	39.375
-Other	8	39
Prepaid expenses	4.718	954
	70.392	**86.721**

Prepaid expenses in non-current assets	31.12.2022	31.12.2021
Advances received		
- Mesa Nurol Yeşilyaka Villas (Nurol İnşaat)	330.646	287.022
	330.646	**287.022**

12. Available for Sale Financial Assets

	31.12.2022	31.12.2021
Stocks	217.470	1.275.139
	217.470	**1.275.139**

(*) As of 31 December 2022, TL 217.469.885 TL of the Company's shares consist of Nurol GYO shares in Nurol LLC.

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

13. Receivables and Payables from Ongoing Construction and Project Contracts

		31.12.2022		**31.12.2021**	
	%	**Receivables from Construction Contracts**	**Payables Related to Construction Contracts**	**Receivables from Construction Contracts**	**Payables Related to Construction Contracts**
Ümraniye-Ataşehir-Göztepe Metro Construction Project (Nurol Gülermak J.V.) (*)	--	--	--	116.527	--
Ümraniye-Ataşehir-Göztepe Metro Construction Project (Nurol Gülermak Makyol J.V.)	31	--	9.014	--	--
Yusufeli Group Dam Bridge Construction Project (Gülsan Nurol Joint Venture)	--	--	--	33.746	--
Yusufeli Group Dam Bridge Extension Works (Gülsan Nurol Joint Venture)	18	5.415	--	--	--
İzmir Çiğili Tramway Line Construction (Nurol İnşaat)	66	250.171	--	35.685	--
Silifke Mut Road Project (Nurol İnşaat)	39	102.536	--	93.383	--
Eyiste Viaduct Project (Nurol İnşaat)	--	--	--	101.466	--
Ordu Highway Landslide Reclamation Works (NYYO)	--	--	--	16.035	--
Nurol L.L.C projects	--	815.352	283.207	642.951	312.328
Algeria Branch projects	--	194.432	--	--	--
		1.367.906	**292.221**	**1.039.793**	**312.328**

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

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

14. Investments

	%		Amount	
	31.12.2022	**31.12.2021**	**31.12.2022**	**31.12.2021**
Nurol Gayrimenkul Yatırım Ortaklığı A.Ş.	3,10	45,96	26.526	86.353
Nurol Yatırım Bankası A.Ş. (*)	--	16,70	--	92.068
Nurol Göksu Elektrik Üretim A.Ş.	5,00	47,62	10.000	10.000
Nurol Sigorta Aracılık Hizmetleri A.Ş.	39,67	39,67	3.267	3.267
Nurol Enerji Üretim Paz. A.Ş.	0,05	1,68	2.864	2.864
Otoyol Deniz Taşımacılığı A.Ş.	25,17	25	1.510	1.510
Otoyol İşletme ve Bakım A.Ş.	25,95	26	1.298	1.298
Nurol İşletme ve Gayrimenkul Yönetim A.Ş.	0,13	0,13	23	23
Other	--	--	9	9
			45.497	**197.392**

(*) As of 31 December 2022, the Company transferred its shares in Nurol İnşaat ve Ticaret A.Ş. to Nurol Holding A.Ş. with the Board of Banking Regulation and Supervision decision numbered 10459 dated 29 December 2022.

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

15. Property, Plant and Equipment

As of 31 December 2022, details of property, plant and equipment were as follows:

	31.12.2021	Additions	Disposals	Foreign currency translation differences	Revaluation (Nurol LLC) (*)	Exclusion from the consolidation	Transfer	31.12.2022
Cost								
Land	9.979	--	--	6.533	--	--	--	16.512
Land improvements	1.437	133	(29)	--	--	--	--	1.541
Buildings	146.358	10.201	(16.193)	66.372	--	(1.404)	(7.949)	197.385
Machinery and equipment	784.178	54.153	(278.962)	266.893	--	(1.049)	(120)	825.093
Motor vehicles	108.466	1.895	(10.511)	35.480	--	--	(3.290)	132.040
Fixtures and fittings	158.908	3.064	(81.172)	78.884	--	(2.127)	76	157.633
Other property, plant and equipment	566.671	2.127	(34.628)	260.862	--	--	3.202	798.234
	1.775.997	**71.573**	**(421.495)**	**715.024**	**--**	**(4.580)**	**(8.081)**	**2.128.438**
Accumulated depreciation (-)								
Land improvements	406	92	(7)	81	--	--	--	572
Buildings	55.918	23.083	(4.048)	32.422	--	(1.404)	(9.492)	96.479
Machinery and equipment	492.873	67.767	(199.422)	62.653	126.484	(820)	(1.340)	548.195
Motor vehicles	74.912	8.233	(2.166)	(773)	26.284	--	3.141	109.631
Fixtures and fittings	133.193	7.186	(74.309)	67.513	--	(331)	286	133.538
Other property, plant and equipment	537.527	25.287	(34.628)	247.396	--	--	(3.012)	772.570
	1.294.829	**131.648**	**(314.580)**	**409.292**	**152.768**	**(2.555)**	**(10.417)**	**1.660.985**
Net Book Value	**481.168**							**467.453**

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

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

15. Property, Plant and Equipment (Continued)

As of 31 December 2021, details of property, plant and equipment were as follows:

	31.12.2020	Additions	Disposals	Foreign currency translation differences	Revaluation (Nurol LLC)	Transfer	31.12.2021
Cost							
Land	5.334	--	--	4.645	--	--	9.979
Land improvements	1.813	104	(480)	--	--	--	1.437
Buildings	108.353	10.240	(6.176)	63.024	--	(29.083)	146.358
Leasehold improvements	54	--	(54)	--	--	--	--
Machinery and equipment	494.100	76.732	(19.687)	233.026	--	7	784.178
Motor vehicles	81.435	3.466	(11.296)	34.861	--	--	108.466
Fixtures and fittings	104.051	5.170	(21.889)	71.582	--	(6)	158.908
Other property, plant and equipment	352.719	600	(26.191)	239.543	--	--	566.671
Construction in progress	187	91	--	--	--	(278)	--
	1.148.046	**96.403**	**(85.773)**	**646.681**	**--**	**(29.360)**	**1.775.997**
Accumulated depreciation (-)							
Land improvements	749	45	(388)	--	--	--	406
Buildings	81.928	14.016	(6.020)	64.986	--	(98.992)	55.918
Leasehold improvements	53	--	(53)	--	--	--	--
Machinery and equipment	294.773	65.578	(14.071)	169.174	(22.556)	(25)	492.873
Motor vehicles	54.809	7.783	(9.801)	24.404	(2.290)	7	74.912
Fixtures and fittings	82.064	9.289	(14.176)	56.259	--	(243)	133.193
Other property, plant and equipment	302.080	51.421	(21.126)	205.152	--	--	537.527
	816.456	**148.132**	**(65.635)**	**519.975**	**(24.846)**	**(99.253)**	**1.294.829**
Net Book Value	**331.590**						**481.168**

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

15. Property, Plant and Equipment (Continued)

The distribution of depreciation and amortization charge for the Group is as follows:

	01.01-31.12.2022	**01.01-31.12.2021**
Depreciation of investment property (Note 18)	13.467	9.007
Depreciation of property, plant and equipment	131.648	148.132
Amortization of intangible assets (Note 19)	1.019	655
	146.134	**157.794**

	01.01-31.12.2022	**01.01-31.12.2021**
Cost of sales	102.767	102.386
General administrative expenses	43.367	55.408
	146.134	**157.794**

16. Investments Recognized Using the Equity Method

In the accompanying consolidated financial statements as of 31 December 2022 and 2021, the Group has recognized Otoyol Yatırım ve İşletme A.Ş. with the equity method.

As of 31 December 2022, recorded value of Otoyol Yatırım İşletme A.Ş., which has been valued using the equity method and 25.95% (31 December 2021: 25.95%) of the shares are owned by the Group, TL 67.636.947 thousand (31 December 2021: TL 40.068.272 thousand) as of 31 December 2022, total equity is TL 17.551.788 thousand (31 December 2021: TL 10.397.717 thousand).

As of 31 December 2022, and 2021, profit share of investments of the Group recognized using the equity method is TL 7.155.811 and TL 5.514.162 thousand, respectively.

17. Goodwill

As of 31 December 2022 and 2021, goodwill in the accompanying consolidated financial statements of the Group is related to the share purchase of Otoyol Yatırım ve İşletme A.Ş. The Group has purchased a part of the shares of Yüksel İnşaat and Göçay İnşaat, being shareholders of Otoyol Yatırım ve İşletme A.Ş., and has paid goodwill in the amount of TL 23.333 thousand.

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

18. Investment Properties

As of 31 December 2022 details of investment properties are as follows:

	31.12.2021	Additions	Disposals	Foreign currency translation differences	Revaluation (*)	Cancellation of revaluation (**)	Transfer	31.12.2022
Cost								
Land	610.854	--	(64.298)	--	--	(34.169)	--	512.387
Buildings	577.311	769	(12.490)	--	--	--	(336)	565.254
Georgia Batumi Sheraton Hotel	674.088	--	--	226.853	896.899	--	8.417	1.806.257
	1.862.253	**769**	**(76.788)**	**226.853**	**896.899**	**(34.169)**	**8.081**	**2.883.898**
Accumulated depreciation (-)								
Buildings	61.722	13.467	(559)	--	--	--	(7.250)	67.380
Georgia Batumi Sheraton Hotel	151.065	--	--	98.046	(266.047)	--	17.667	731
	212.787	**13.467**	**(559)**	**98.046**	**(266.047)**	**–**	**10.417**	**68.111**
Net Book Value	**1.649.466**							**2.815.787**

(*) 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.

(**) 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.

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

18. Investment Properties (Continued)

As of 31 December 2021 details of investment properties are as follows:

	31.12.2020	Additions	Disposals	Foreign currency translation differences	Transfer	31.12.2021
Cost						
Land	613.090	--	(2.236)	--	--	610.854
Buildings	574.272	148	(312)	--	3.203	577.311
Georgia Batumi Sheraton Hotel	498.825	--	--	149.106	26.157	674.088
	1.686.187	**148**	**(2.548)**	**149.106**	**29.360**	**1.862.253**
Accumulated depreciation (-)						
Buildings	44.908	9.007	(28)	--	7.835	61.722
Georgia Batumi Sheraton Hotel	32.276	--	--	27.371	91.418	151.065
	77.184	**9.007**	**(28)**	**27.371**	**99.253**	**212.787**
Net Book Value	**1.609.003**					**1.649.466**

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

19. Intangible Assets

As of 31 December 2022 and 31 December 2021, details of intangible assets are as follows:

	31.12.2020	Additions	Foreign currency translation differences	Transfer	31.12.2021	Additions	Foreign currency translation differences	Disposals	Exclusion from consolidation	31.12.2022
Cost										
Rights	2.725	502	1.115	--	4.342	1.772	214	(129)	(2.247)	3.952
Other intangible assets	312	--	--	(86)	226	--	--	--	--	226
	3.037	**502**	**1.115**	**(86)**	**4.568**	**1.772**	**214**	**(129)**	**(2.247)**	**4.178**
Accumulated amortization (-)										
Rights	1.890	624	788	--	3.302	1.019	157	(129)	(1.719)	2.630
Other intangible assets	279	31	--	(86)	224	--	--	--	--	224
	2.169	**655**	**788**	**(86)**	**3.526**	**1.019**	**157**	**(129)**	**(1.719)**	**2.854**
Net Book Value	**868**				**1.042**					**1.324**

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

20. Provisions, Contingent Assets and Liabilities

	31.12.2022	31.12.2021
Current provisions		
Provision for litigations	22.688	14.504
Other	3.102	--
	25.790	**14.504**

As of 31 December 2022 and 2021, the movement table of provision for lawsuits is as follows:

	01.01-31.12.2022	01.01-31.12.2021
Opening balance	***14.504***	***4.548***
Additional provision made during the period (Note 25)	9.731	10.188
Companies excluded from consolidation	(1.139)	--
Provision that has no subject (-) (Note 25)	(408)	(232)
Closing balance	**22.688**	**14.504**

	31.12.2022	31.12.2021
Legal cases in favor of the Group	6.310	70.068
Legal cases against the Group	91.913	49.802

As of 31 December 2022, the total amount of pending lawsuits against the Group is approximately TL 91.913 thousand (31 December 2021: TL 49.802 thousand). As of 31 December 2022, the Group has made a provision of TL 22.688 thousand (31 December 2021: TL 14.504 thousand) according to the opinion of its legal counsel.

Letters of guarantee received by the Group are as follows:

	31.12.2022		31.12.2021	
Letters of guarantee received from customers	**Foreign Currency**	**TL Equivalent**	**Foreign Currency**	**TL Equivalent**
Letters of guarantee received				
-TL	--	94.831	--	57.484
-USD	12.059	225.482	376	4.880
-EUR	3.032	60.438	1.931	28.352
Cheques and notes received				
-TL	--	--	--	506
-USD	--	--	133	133
Total		**380.751**		**91.355**

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

20. Provisions, Contingent Assets and Liabilities (Continued)

Collaterals, pledges and mortgages CPM given by the Group As of 31 December 2022 and 31 December 2021 are as follows:

		31.12.2022	31.12.2021
A	CPM's given in the name of own legal personality	16.929.300	9.356.071
B	CPM's given on behalf of the fully consolidated companies	--	--
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	--	--
		16.929.300	**9.356.071**

As of 31 December 2022 and 31 December 2021, details of the CPM's given in the name of own legal personality are as follows:

	Foreign Currency Amount					31.12.2022
	TL	USD	EUR	DZD	AED	TL Equivalent
Letters of guarantee	452.660	43.340	87.673	949.041	83.007	3.472.772
Suretyship	5.318.489	284.010				10.628.993
Mortgage	1.382.200	8.000	65.000			2.827.535
	7.153.349	**335.350**	**152.673**	**949.041**	**83.007**	**16.929.300**

	Foreign Currency Amount					31.12.2021
	TL	USD	EUR	DZD	AED	TL Equivalent
Letters of guarantee	538.515	10.746	62.732	938.819	105.124	1.996.811
Suretyship	--	421.800	--	--	--	5.473.910
Mortgage	931.000	--	65.000	--	--	1.885.350
	1.469.515	**432.546**	**127.732**	**938.819**	**105.124**	**9.356.071**

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

21. Employee Benefits

a) *Current liabilities for employee benefits*

	31.12.2022	31.12.2021
Due to personnel	46.012	16.422
Social security premiums payable	10.753	12.370
	56.765	**28.792**

b) *Provision for employee benefits*

	31.12.2022	31.12.2021
Current provisions	37.077	27.021
Non-current provisions	100.642	71.641
	137.719	**98.662**

b.1) *Current provisions*

	31.12.2022	31.12.2021
Unused vacation provision	37.077	27.021
	37.077	**27.021**

b.2) *Non-current provisions*

	31.12.2022	31.12.2021
Provision for employee termination benefits	100.642	71.641
	100.642	**71.641**

Provision for employee termination benefits

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

The amount payable consists of one month's salary limited to a maximum of TL 15.371,40 for each period of service at 31 December 2022 (31 December 2021: TL 10.848,59). As of 1 January 2023, the severance pay ceiling to be applied has been increased to TL 19.982,83 per month.

Retirement pay liability is not legally subject to any funding.

Liability of employment termination benefits is not subject to any funding as there is not an obligation. Provision is calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. IAS 19 "Employee Benefits" requires actuarial valuation methods to be developed to estimate the Company's obligation under the defined benefit plans.

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

21. Employee Benefits (Continued)

Provision for employee termination benefits (continued)

The principal actuarial assumptions used to calculate the liability at the balance sheet date are as follows:

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

Movements in provision for severance pay for the years ended 31 December are as follows;

	01.01 – 31.12.2022	01.01 – 31.12.2021
1 January	***71.641***	***52.238***
Current year equivalent	3.968	1.900
Interest cost (Note 25)	2.036	758
Termination benefits paid	(9.112)	(21.169)
Companies excluded from consolidation	(829)	--
Actuarial (loss)	6.459	2.859
Currency translation differences	26.479	35.055
Closing balance 31 December	**100.642**	**71.641**

Salary, bonus and similar benefits provided to senior executives

The senior management team of the Group consists of the Board of Directors, Group Presidents and Vice Presidents, General Manager and Deputy General Managers. In the year ended 31 December 2022, the total amount of short-term salaries, bonuses and other similar benefits provided to the Group's top executives is TL 11.902 thousand (31 December 2021: TL 4.469 thousand).

22. Other Assets and Liabilities

	31.12.2022	31.12.2021
Other current assets		
VAT carried forward	22.055	160.321
VAT receivables	71.409	51.160
Advances given for business purposes		
- Nurol İnşaat ve Ticaret A.Ş.	3.316	837
- Gülsan Nurol Joint Venture	5.603	17
Advances given to subcontractors		
- Nurol İnşaat ve Ticaret A.Ş.	103.748	14.954
- Nurol LLC	53.056	6.381
- Nurol Gülermak Makyol Joint Venture	48.186	1.412
- Nurol Algeria Branch	8.681	5.909
- Gülsan Nurol Joint Venture	2.500	--
- Nurol Romania Branch	2.024	1.655
- Nurol Yüksel Özka YDA Joint Venture	457	392
- Nurol Yüksel YDA Özka Joint Venture	2	2
Income accruals	--	28
Other	211	267
	321.248	**243.335**

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

22. Other Assets and Liabilities (Continued)

	31.12.2022	31.12.2021
Other current liabilities		
Taxes and funds payable		
- Nurol İnşaat ve Ticaret A.Ş.	31.607	31.983
- Nurol Algeria Branch	64.336	13.488
- Nurol Yüksel YDA Özka Joint Venture	8.254	2.133
- Nurol Gülermak Makyol Joint Venture	4.897	1.720
- Nurol Georgia	4.211	2.594
- Gülsan Nurol Joint Venture	808	322
- Nurol Mesa Joint Venture	593	358
- Nurol Gülermak Joint Venture	261	--
- Nurol Morocco Branch	--	641
Other	11	540
	114.978	**53.779**

	31.12.2022	31.12.2021
Other non-current liabilities		
- Nurol Algeria Branch	2.550	1.091
	2.550	**1.091**

23. Equity

a) *Share Capital*

The composition of shareholders and their respective percentage of ownership is as follows:

	31.12.2022	Share (%)	31.12.2021	Share (%)
Nurol Holding A.Ş.	899.533	99,9	443.533	99,9
Nurettin Çarmıklı	137	0,03	137	0,03
Mehmet Oğuz Çarmıklı	137	0,03	137	0,03
Aynur Türkan Çarmıklı	28	0,01	28	0,01
Müjgan Sevgi Kayaalp	28	0,01	28	0,01
Figen Çarmıklı	137	0,03	137	0,03
	900.000	**100,00**	**444.000**	**100,00**
Capital adjustments income	1.471		1.471	
	901.471		**445.471**	

Nurol İnşaat A.Ş. registered in the Trade Registry Gazette dated 30 December 2022 and numbered 10737, the Company has increased its capital amounting to TL 456.000 thousand.

The Company's capital consists of 900.000 thousand shares, each with a nominal value of TL 1 (one Turkish Lira) (31 December 2021: 444.000 thousand shares, each with a nominal value of TL 1 (one Turkish Lira).

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

23. Equity (Continued)

b) *Other equity items*

Other Comprehensive Income not to be Reclassified to Profit or Loss

	31.12.2022	31.12.2021
Defined benefit plans remeasurement gains/ losses	(13.837)	(7.378)
Current assets revaluation increases/ decreases	670.903	856.131
	657.066	**848.753**

Other Comprehensive Income to be Reclassified to Profit or Loss

	31.12.2022	31.12.2021
Foreign currency translation	(541.813)	877.687
Revaluation of financial assets available for sale	32.427	1.076.629
	(509.386)	**1.954.316**

Restricted reserves separated from profit

	31.12.2022	31.12.2021
Legal reserves	52.384	52.384
Special reserves	57.698	57.698
Other profit reserves	153.811	257.121
	263.893	**367.203**

Legal reserves are set aside as first-order legal reserves until 5% of the "profit" reaches 20% of the paid/issued capital, pursuant to the first paragraph of Article 519 of the New TCC No. 6102. After deducting the amount set aside as the first-order reserve fund from the "profit", the first dividend is set aside for the shareholders from the remaining amount. The General Assembly is authorized to decide whether to allocate or distribute the remaining balance after the first legal reserve fund and the first dividend, taking into account the profit distribution policy of the Company. II. the legal reserve fund, pursuant to the 3rd subparagraph of the 2nd paragraph of the 519th article of the New TCC; One tenth of the amount found after deducting 5% of the issued/paid-up capital from the portion that has been decided to be distributed is set aside. In case it is decided to distribute bonus shares by adding the profit to the capital, II. legal reserves are not set aside.

24. Revenue and Cost of Sales

	01.01. - 31.12.2022	01.01. - 31.12.2021
Domestic sales	3.185.219	1.645.503
Foreign sales	5.180.947	2.466.314
Sales return (-)	(468)	(770)
Revenue	**8.365.698**	**4.111.047**
Cost of sales (-)	**(6.659.188)**	**(3.701.622)**
Gross profit	**1.706.510**	**409.425**

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

24. Revenue and Cost of Sales (Continued)

The detail of revenue is summarized as follows:

	01.01. - 31.12.2022	01.01. - 31.12.2021
Domestic sales		
- Nurol İnşaat ve Ticaret A.Ş. (Domestic)	2.353.051	633.018
- Nurol Gülermak Makyol Joint Venture	382.164	285.657
- Gülsan Nurol Joint Venture	261.058	125.921
- Nurol Yüksel YDA Özka Joint Venture	155.334	52.881
- Nurol Gülermak Joint Venture	33.612	455.467
- Nömayg	--	92.559
Foreign sales		
- Nurol İnşaat ve Ticaret A.Ş. (Overseas)	1.800.189	739.568
- Nurol LLC	1.464.623	1.238.509
- Nurol Algeria Branch	511.035	273.125
- Nurol Romania Branch	1.206.810	118.322
- Nurol Georgia Branch	198.290	96.790
	8.366.166	**4.111.817**
Sales return (-)	(468)	(770)
	8.365.698	**4.111.047**

25. Other Income and Expenses from Operating Activities

Other income from operating activities	01.01. - 31.12.2022	01.01. - 31.12.2021
Nurol LLC insurance income	7.323	7.394
Income from sales of scrap and raw materials	4.817	2.556
Rediscount interest income	4.426	666
Insurance claims	2.230	752
Unpaid suspect provision (Note 6 and 9)	1.254	499
Litigation provisions released (Note 20)	408	232
Other	672	240
	21.130	**12.339**

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

25. Other Income and Expenses from Operating Activities (Continued)

Other expense from operating activities	**01.01. - 31.12.2022**	**01.01. - 31.12.2021**
Algeria Branch tax configuration	(106.480)	--
Retirement pay provision interest expense (Note 20)	(9.731)	(10.188)
Doubtful debt provision expenses (Not 6, 9)	(9.110)	(4.750)
Scrap, raw material and material sales losses	(2.803)	--
Retirement pay provision interest expense (Note 21)	(2.036)	(758)
Rediscount expense	(1.133)	(3.233)
Law configuration expense	(835)	(85.932)
Donation and grants	(397)	(273)
Commission expenses	(14)	(207)
Other	(4.007)	(1.448)
	(136.546)	**(106.789)**

26. Income and Expenses from Investing Activities

Income from investing activities	**01.01. - 31.12.2022**	**01.01. - 31.12.2021**
Value increases of investment properties (Sheraton Batumi)	1.162.946	--
Dividend income (*)	71.695	18.808
Rent income	10.933	8.866
Profit from sale of property, plant and equipment	6.905	3.476
Profit on sales of investments / subsidiaries	837.357	39
	2.089.836	**31.189**

(*) TL 48.442 thousand of dividend income is comprised from Nurol Yatırım Bankası, TL 19.887 thousand from Otoyol İşletme Bakım A.Ş. and TL 3.336 thousand from Nurol Sigorta Aracılık Hizmetleri A.Ş.

Expenses from investing activities	**01.01. - 31.12.2022**	**01.01. - 31.12.2021**
Loss from sale of property, plant and equipment	(50.292)	--
Expense on sales of investments / subsidiaries	--	(34.391)
	(50.292)	**(34.391)**

27. Financial Income and Expenses

Financial income	**01.01. - 31.12.2022**	**01.01. - 31.12.2021**
Foreign exchange income	475.127	567.479
Interest income	28.885	10.407
Currency protected deposit income	6.911	--
Profit of increase in value of marketable securities	770	137.747
	511.693	**715.633**

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

27. Financial Income and Expenses (Continued)

Financial expenses	01.01. - 31.12.2022	01.01. - 31.12.2021
Foreign exchange expenses	(3.862.237)	(3.447.022)
Interest expenses	(1.802.329)	(898.403)
Bank commission expenses	(186.569)	(53.995)
Bond issuance interest expenses	(542.668)	(3.608)
Letters of guarantee expenses	(9.391)	(3.315)
Decrease of in value of marketable securities	--	(463)
	(6.403.194)	**(4.406.806)**

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

Corporations calculate a temporary tax of 23% on their quarterly financial profits and declare it until the 17th day of the second month following that period and pay it until the evening of the 17th day. The temporary tax paid during the year belongs to that year and is deducted from the corporate tax to be calculated on the corporate tax return to be submitted in the following year.

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

According to the Turkish tax legislation, financial losses shown on the declaration can be deducted from the corporate income for the period, provided that they do not exceed 5 years. However financial losses cannot be offsetted from last year's profits.

There is no practice in Turkey to reach an agreement with the tax authority regarding the taxes to be paid. Corporate tax returns are submitted to the relevant tax office until the evening of the 30th day of the fourth month following the month in which the accounting period is closed. However, the tax inspection authorities can examine the accounting records within five years, and if an incorrect transaction is detected, the tax amounts to be paid may change.

The Corporate Tax rate will be applied as 23% for the corporate earnings for the 2022 taxation period, and as 20% for the corporate earnings for the 2023 taxation period.

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

With the Law No. 7394 on the Evaluation of Immovable Property Owned by the Treasury and Amending the Value Added Tax Law, published in the Official Gazette dated 15 April 2022 and numbered 31810, and the Law No. With the paragraph added to the temporary article 13 of the Corporate Tax Law, the Corporate Tax rate will be applied as 25% for the corporate earnings for the 2022 taxation period. This amendment will be valid for the taxation of corporate earnings for the periods starting from 1 January 2022, starting with the declarations that must be submitted as of 1 July 2022.

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

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

United Arab Emirates
As of December 31, 2022, the VAT rate varies from 0% to 5% or tax-free. The rate for revenues and costs from construction works is 5%. The company is not subject to income tax or corporate tax in the U.A.E.

Georgia
The standard VAT rate is 18% and applies to the sale of all goods and services supplied in Georgia carried out as an economic activity. The corporate income tax rate in Georgia is 15%. Branch income is taxed at the general rate of 15% upon its distribution.

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

As of the 31 December 2022 and 2021 balance sheet date, the tax liability details are as follows:

	01.01. - 31.12.2022	**01.01. - 31.12.2021**
Provision for corporate tax for current period	--	--
Deferred tax income / (expense)	(126.182)	269.026
	(126.182)	**269.026**

The tax provision in the balance sheet for the accounting periods ended as of 31 December 2022 and 2021 is as follows;

Current	**31.12.2022**	**31.12.2021**
Prepaid taxes (-) (*)	(150.608)	(168.143)
	(150.608)	**(168.143)**

(*) According to Turkish Tax Laws companies must make advance payments of corporation tax. Prepaid taxes are computed on the quarterly taxable profits reported at the rate of 23% (2021: 25%). This prepaid corporation tax can be recovered by deduction from future corporation tax liabilities. Recovery by deduction from other taxes is also possible.

Non-current	**31.12.2022**	**31.12.2021**
Prepaid taxes (-) (**)	(86.628)	(87.550)
	(86.628)	**(87.550)**

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

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

28. 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	**31.12.2022**	**31.12.2021**
Ongoing construction contracts, (net)	1.057.438	813.100
Litigation provision	22.688	14.504
Provisions for employee benefits	16.386	10.152
Provision for doubtful receivables	13.193	8.452
Subsidiary provision expense	--	3.654
Unused vacation provision	5.994	3.216
Written off assets	15.809	404
Unaccrued finance expenses (net)	1.049	316
Other doubtful receivables	1.593	156
Accrued interest on loans	903	75
Foreign exchange adjustment	--	37
Valuation of investment properties	(751.017)	--
Valuation of financial investments	(1.022)	(258)
Unaccrued finance income, (net)	(4.549)	(524)
Other, (net)	9.631	9.454
	388.096	**862.738**

Deferred tax assets / (liabilities)	**31.12.2022**	**31.12.2021**
Ongoing construction contracts, (net)	243.212	203.275
Litigation provision	5.218	3.626
Provisions for employee benefits	3.769	2.538
Provision for doubtful receivables	3.034	2.113
Subsidiary provision expense	--	914
Unused vacation provision	1.379	804
Written off assets	3.636	101
Unaccrued finance expenses, (net)	241	79
Other doubtful receivables	366	39
Accrued interest on loans	208	19
Foreign exchange adjustment	--	9
Valuation of investment properties	(172.734)	--
Depreciation adjustment		--
Valuation of financial investments	(235)	(65)
Unaccrued finance income, (net)	(1.046)	(131)
Other, (net)	2.215	2.364
	89.263	**215.685**

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

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

Deferred tax (continued)

Deferred tax assets / (liabilities)	**31.12.2022**	**31.12.2021**
Deferred tax assets	279.688	268.603
Deferred tax liabilities (-)	(190.425)	(52.918)
Deferred tax assets / (liabilities), net	**89.263**	**215.685**

As of 31 December, the movement table of the Group's deferred tax assets / liabilities is as follows:

	01.01. - 31.12.2022	**01.01. - 31.12.2021**
Opening balance, 1 January	**215.685**	**(55.126)**
Period deferred tax income (expense)	(126.182)	269.026
Deferred tax canceled under revaluation cancellation	(1.708)	--
Deferred tax attributable to equity	1.468	1.785
Deferred tax assets / (liabilities), net	**89.263**	**215.685**

29. Earnings Per Share

Earnings per share (EPS) 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.

	01.01. - 31.12.2022	**01.01. - 31.12.2021**
Profit for the period	4.353.097	2.222.536
Weighted average number of shares with nominal value	448.997.260	444.000.000
Earnings per share	**0,00970**	**0,00501**

30. 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 Management Policies and Procedures

The primary objective of the Group's capital management objectives is to ensure that it maintains a healthy capital structure in order to support its business and maximize shareholder value.

As of 31.December 2022 and 2021, the Group monitors the capital by using the net financial debt / used capital ratio. This ratio is found by dividing the financial debt used by the capital.

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

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

a) Capital Management Policies and Procedures (Continued)

	01.01. - 31.12.2022	**01.01. - 31.12.2021**
Total financial liabilities	11.306.429	7.546.725
Less: cash and cash equivalents	(1.179.831)	(841.687)
Net financial debt	**10.126.598**	**6.705.038**
Total equity	9.988.205	6.713.367
Less: Revaluation fund	(670.903)	(856.131)
Total financing used	**19.443.900**	**12.562.274**
Net financial debt / Total financial used	**52%**	**53%**

b) Financial Risk Factors

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

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

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

b) Financial Risk Factors (Continued)

b.1) Credit risk management

The credit risk of the Group for each financial instrument type is as follows:

	Receivables					
	Trade Receivables		Trade Receivables			
Current period (31 December 2022)	**Related Party**	**Third Party**	**Related Party**	**Third Party**	**Bank Deposits**	**Other**
Maximum credit risk exposures as of report date						
(A+B+C+D+E)	8.001	1.476.240	96.315	463.392	1.173.619	--
-Secured part of maximum credit risk exposure via collateral etc.	--	--	--	--	--	--
A. Net book value of the financial assets that are neither overdue nor impaired	8.001	1.476.240	96.315	463.392	1.173.619	--
B. Carrying amount of financial assets that are renegotiated, otherwise classified as overdue or impaired	--	--	--	--	--	--
C. Net Book Values of Impaired Assets	--	--	--	--	--	--
- Overdue (Gross Book Value)	--	16.514	--	1.593	--	--
- Impairment (-)	--	(16.514)	--	(1.593)	--	--
- Secured part via collateral etc.	--	--	--	--	--	--
- Undue (Gross Book Value)	--	--	--	--	--	--
- - Impairment (-)	--	--	--	--	--	--
- Secured part via collateral etc.	--	--	--	--	--	--
D. Off-balance sheet financial assets exposed to credit risk	--	--	--	--	--	--

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

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

b) Financial Risk Factors (Continued)

b.1) Credit risk management (continued)

	Receivables					
	Trade Receivables		Trade Receivables			
Current period (31 December 2021)	**Related Party**	**Third Party**	**Related Party**	**Third Party**	**Bank Deposits**	**Other**
Maximum credit risk exposures as of report date						
(A+B+C+D+E)	8.873	842.885	908.374	118.276	830.570	--
-Secured part of maximum credit risk exposure via collateral etc.	--	--	--	--	--	--
A. Net book value of the financial assets that are neither overdue nor impaired	8.873	842.885	908.374	118.276	830.570	--
B. Carrying amount of financial assets that are renegotiated, otherwise classified as overdue or impaired	--	--	--	--	--	--
C. Net Book Values of Impaired Assets						--
- Overdue (Gross Book Value)		10.235		156		--
- Impairment (-)		(10.235)		(156)		--
- Secured part via collateral etc.	--	--	--	--	--	--
- Undue (Gross Book Value)	--	--	--	--	--	--
- - Impairment (-)	--	--	--	--	--	--
- Secured part via collateral etc.	--	--	--	--	--	--
D. Off-balance sheet financial assets exposed to credit risk	--	--	--	--	--	--

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

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

b) *Financial Risk Factors (Continued)*

b.2) Liquidity risk table

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.

Contractual Maturities		**Cash Per Contract**				
31 December 2022	**Book Value**	**Total Disposals (I+II+III+IV)**	**Less than 3 Months (I)**	**Between 3-12 Months (II)**	**Between 1-5 Years (III)**	**Longer Than 5 Years (IV)**
Bank credits	9.076.492	9.076.493	154.658	463.973	8.457.862	--
Issues of debt securities	2.100.000	2.100.000	--	--	2.100.000	--
Finance lease obligations	129.937	129.937	30.339	91.015	8.583	--
Trade payables	4.936.426	4.936.426	--	2.918.856	2.017.570	--
Other debts	470.103	470.103	--	115.702	354.401	--
Total Liability	**16.712.958**	**16.712.959**	**184.997**	**3.589.546**	**12.938.416**	**--**

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

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

b) Financial Risk Factors (Continued)

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.

b.3.1) Foreign currency risk

Transactions in foreign currencies cause exchange rate risk. Currency risk is managed with forward foreign exchange purchase/sell contracts based on approved policies.

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

	31.12.2022	**31.12.2021**
Foreign currency assets	2.980.187	2.356.809
Foreign currency liabilities (-)	(10.036.725)	(8.001.324)
Net foreign currency position	**(7.056.538)**	**(5.644.515)**

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

30. 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)

31.12.2022	**ABD$**	**EURO**	**GBP**	**RUB**	**DZD**	**AED**	**GEL**	**PLN**	**RON**	**TL Equivalent**
1. Trade receivables	3.272	288	--	--	6.256.485	43.689	708	--	23.752	1.241.625
2a. Monetary financial assets, (cash	4.101	4.928	--	278	23.001	100.511	5.089	2	10.329	763.636
2b. Non-monetary financial assets	396	8	--	--	63.643	66.473	3	--	43.717	527.939
3. Other	--	--	--	--	243.082	70.206	277	--	20	390.595
4. Current assets (1+2+3)	7.769	5.224	--	278	6.586.211	280.879	6.077	2	77.818	2.923.793
5. Trade receivables	380	--	--	--	--	--	--	--	--	7.105
6a. Monetary financial assets	--	--	--	--	--	--	--	--	--	--
6b. Non-monetary financial assets	--	--	--	--	3.209	--	--	--	--	438
7. Other	52	--	--	--	--	--	6.893	--	--	48.840
8. Non-current assets (5+6+7)	432	--	--	--	3.209	--	6.893	--	--	56.384
9. Total assets (4+8)	8.201	5.224	--	278	6.589.420	280.879	12.970	2	77.818	2.980.177
10. Trade payables	534	1.809	--	--	10.340.904	172.370	936	--	32.178	2.464.720
11. Financial liabilities	10.024	82.846	--	--		48.110	--	--	--	2.082.525
12a. Other monetary liabilities	--	--	--	--	93.964	--	110	--	1.920	21.274
12b. Other non-monetary liabilities	1.527	354	--	--	322.815	--	--	--	--	79.644
13. Current liabilities (10+11+12)	12.085	85.009	--	--	10.757.683	220.480	1.046	--	34.098	4.648.162
14. Trade payables	--	101.208	--	--	--	--	--	--	--	2.017.571
15. Financial liabilities	25.000	104.000	--	--	--	86.163	29.919	--	--	3.184.675
16a. Other monetary liabilities	--	--	--	--	--	--	--	--	--	--
16b. Other non-monetary liabilities	--	--	--	--	18.697	--	23.046	--	5.922	186.316
17. Non-current liabilities (14+15+16)	25.000	205.208	--	--	18.697	86.163	52.965	--	5.922	5.388.562
18. Total liabilities (13+17)	37.085	290.217	--	--	10.776.380	306.643	54.011	--	40.020	10.036.724
19. Net foreign assets / (liability) position (9-18+19)	(28.884)	(284.993)	--	278	(4.186.960)	(25.764)	(41.041)	2	37.798	(7.056.547)
19. Net foreign currency asset / (liability) position (=1+2a+5+6a-10-11-12a-14-15-16a)	(27.805)	(284.647)	--	278	(4.155.382)	(162.443)	(25.168)	2	(17)	(7.758.390)

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

30. 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)

31.12.2021	**ABD$**	**EURO**	**GBP**	**RUB**	**DZD**	**AED**	**MAD**	**GEL**	**LYD**	**RON**	**TL Equivalent**
1. Trade receivables	2.466	364	--	--	4.694.560	26.642	3.067	624	22.904	3.722	652.064
2a. Monetary financial assets, (cash	216	1.012	12	278	295.368	159.257	1.221	5.807	6	16.081	678.581
2b. Non-monetary financial assets	441	1.925	--	--	63.263	29.299	29	10	11.071	7.215	195.468
3. Other	20.149	11.376	--	--	146.237	93.067	--	293	--	7.707	793.116
4. Current assets (1+2+3)	23.272	14.677	12	278	5.199.428	308.265	4.317	6.734	33.981	34.725	2.319.229
5. Trade receivables	--	--	--	--	--	--	--	--	--	--	--
6a. Monetary financial assets	--	--	--	--	--	--	--	--	--	--	--
6b. Non-monetary financial assets	52	--	--	--	3.209	--	2.158	--	18	--	4.056
7. Other	--	--	--	--	--	--	--	7.988	--	--	--
8. Non-current assets (5+6+7)	52	--	--	--	3.209	--	2.158	7.988	18	--	37.580
9. Total assets (4+8)	23.324	14.677	12	278	5.202.637	308.265	6.475	14.722	33.999	34.725	2.356.809
10. Trade payables	6.098	1.356	--	--	7.807.242	175.649	85	678	--		1.448.409
11. Financial liabilities	--	--	--	--	--	38.192	--	--	--	--	--
12a. Other monetary liabilities	--	5.004	--	--	214.808	--	856.209	51	16.367	--	1.342.351
12b. Other non-monetary liabilities	180	214	--	--	421.517	--	--	7	9.776	--	72.493
13. Current liabilities (10+11+12)	6.278	6.574	--	--	8.443.567	213.841	856.294	736	26.144	--	2.997.437
14. Trade payables	--	70.199	--	--	--	--	--	--	--	--	1.030.683
15. Financial liabilities	111.108	127.894	--	--	--	91.677	--	36.015	--	--	3.792.928
16a. Other monetary liabilities	--	--	--	--	--	--	--	--	--	--	--
16b. Other non-monetary liabilities	--	--	--	--	11.681	17.498	--	28.047	--	--	180.276
17. Non-current liabilities (14+15+16)	111.108	198.093	--	--	11.681	109.175	--	64.062	--	--	5.003.887
18. Total liabilities (13+17)	117.386	204.667	--	--	8.455.248	323.016	856.294	64.798	26.144	--	8.001.324
19. Net foreign assets / (liability) position (9-18+19)	(94.062)	(189.990)	12	278	(3.252.611)	(14.751)	(849.819)	(50.076)	7.855	34.725	(5.644.515)
19. Net foreign currency asset / (liability) position (=1+2a+5+6a-10-11-12a-14-15-16a)	(114.524)	(203.077)	12	278	(3.032.122)	(119.619)	(852.006)	(30.313)	6.543	19.803	(6.417.910)

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

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

b) *Financial Risk Factors (Continued)*

b.3) Market risk (Continued)

b.3.2) Foreign currency risk (Continued)

The Group's borrowing at fixed and variable interest rates exposes the Group to interest rate risk. Interest rates of financial assets and liabilities are stated in the related notes.

INTEREST POSITION TABLE		**31 December 2022**	**31 December 2021**
Fixed Rate Financial Instruments			
Financial Assets	*Time deposits*	191.002	14.894
	Financial assets available for sale	217.470	1.275.139
Financial Liabilities		129.937	274.678
Variable Rate Financial Instruments			
Financial Assets		1.370	706
Financial Liabilities		11.074.157	7.238.809

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

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

Fair values

31 December 2022	**Financial assets/liabilities at amortized cost**	**Fair Value**	**Book Value**
Financial assets			
Cash and cash equivalents	1.179.831	1.179.831	1.179.831
Trade receivables	1.476.240	1.476.240	1.476.240
Trade receivables from related parties	104.316	104.316	104.316
Other financial assets	218.840	218.840	218.840
Financial liabilities			
Financial liabilities	11.306.429	11.306.429	11.306.429
Trade payables to related parties	4.887.463	4.887.463	4.887.463
Other financial liabilities	54.025	54.025	54.025

31 December 2021	**Financial assets/liabilities at amortized cost**	**Fair Value**	**Book Value**
Financial assets			
Cash and cash equivalents	841.687	841.687	841.687
Trade receivables	842.885	842.885	842.885
Trade receivables from related parties	917.247	917.247	917.247
Other financial assets	1.275.845	1.275.845	1.275.845
Financial liabilities			
Financial liabilities	7.546.725	7.546.725	7.546.725
Trade payables to related parties	2.269.798	2.269.798	2.269.798
Other financial liabilities	77.366	77.366	77.366

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

Fair values (Continued)

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.

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.

32. Events After the Reporting Date

None.

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

33. Consolidated Financial Statements Ratios

CURRENT RATIO

I -	Current Assets / Short Term Liabilities		TL		
	2020 Current Ratio	=	3.914.005 / 1.477.814	=	2,65
	2021 Current Ratio	=	5.432.047 / 2.440.240	=	2,23
	2022 Current Ratio	=	6.143.211 / 4.301.373	=	1,43
	Average of Current Ratio for Three Years	=	a+b+c / d+e+f	=	1,88

EQUITY RATIO

II -	Shareholder's Equity / Total Assets		TL		
	2020 Shareholder's Equity Ratio	=	3.599.577 / 11.016.837	=	0,33
	2021 Shareholder's Equity Ratio	=	6.713.367 / 19.441.631	=	0,35
	2022 Shareholder's Equity Ratio	=	9.988.205 / 27.521.611	=	0,36
	Average of Shareholder's Equity Ratio for Three Years	=	a+b+c / d+e+f	=	0,35

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

33. Consolidated Financial Statements Ratios (Continued)

III - $\dfrac{\text{Short Term Bank Loans}}{\text{Equity}}$ TL

2020	=	$\dfrac{456.149}{3.599.577}$	=	0,13
2021	=	$\dfrac{565.336}{6.713.367}$	=	0,08
2022	=	$\dfrac{739.984}{9.988.205}$	=	0,07
Average for Three Years	=	$\dfrac{a+b+c}{d+e+f}$	=	0,09