NUROL İNŞAAT VE TİCARET A.Ş.
CONSOLIDATED FINANCIAL
STATEMENTS AS OF 31 DECEMBER 2023
TOGETHER WITH THE
INDEPENDENT AUDITOR'S
REPORT
(CONVENIENCE TRANSLATION INTO ENGLISH
ORIGINALLY ISSUED IN TURKISH)

Nurol İnşaat ve Ticaret A.Ş. and Its Foreign Subsidiaries, Branches and Joint Ventures

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INDEPENDENT AUDITORS REPORT

To the Shareholders and the Board of Directors of
Nurol İnşaat ve Ticaret A.Ş.
Istanbul

Independent Audit of the Consolidated Financial Statements

1) Opinion

We have audited the accompanying consolidated financial statements of Nurol İnşaat ve Ticaret A.Ş (the "Company") and its subsidiary (collectively referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2023 and the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the years then ended and the notes to the consolidated financial statements and a summary of significant accounting policies and consolidated financial statement notes.

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

2) Basis for Opinion

Our audit was conducted in accordance with the independent auditing standards published by the Capital Markets Board ("CMB") and Standards on Independent Auditing (the "SIA") that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibilities under these standards are further described in the *"Auditor's Responsibilities for the Audit of the Consolidated Financial Statements"* section of our report. We hereby declare that we are independent of the Group in accordance with the Ethical Rules for Independent Auditors (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

3) Other Matters

a) Entities applying TFRS's have started to apply inflation accounting in accordance with TAS 29 Financial Reporting in Hyperinflation Economies as of financial statements for the annual reporting period ending on or after 31 December 2023 with the announcements made by the Public Oversight Accounting and Auditing Standards Authority (POA) on 23 November 2023. TAS 29 is applied to the financial statements, including the consolidated financial statements, of any entity whose functional currency is the currency of a hyperinflationary economy. We draw attention to Note 2, where explanations regarding the transition to inflation accounting are provided. This matter does not impact our opinion.

b) 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 prepared (Note:1).

c) The financial statements of the Group's consolidated subsidiaries 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 from January 1 to December 31, 2023, were audited by other audit firms. The independent audit reports prepared by these firms provided an "Unqualified Opinion."

d) The audit of the consolidated financial statements of Nurol İnşaat ve Ticaret A.Ş. for the year ended 31 December 2022 was performed by another independent audit firm. An unqualified opinion was given in the independent audit report dated 9 March 2023 prepared by the independent audit firm.

4) Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. Key audit matters were addressed in the context of our independent audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

According to us, the issues described below are identified as key audit matters and are reported in our report:

Key Audit Matters	**How our audit addressed the Key Audit Matter**
Investments accounted for using the equity method	
The carrying value in Nurol İnşaat of Otoyol Yatırım ve İşletme A.Ş., which the Group values using the equity method and in which it holds a 25.95% stake (31 December 2022: 25.95%), is TL 29.004.929 thousand (31 December 2022: TL 28.920.593 thousand). The Group's share of profits from its investment valued using the equity method for the periods ended on 31 December 2023, and 2022 is TL 11.461.825 thousand and TL 11.793.637, respectively." In the consolidated financial statements prepared as of 31 December 2023, and 2022, the Group accounted for Otoyol Yatırım ve İşletme A.Ş. using the equity method. (Note 16)")	During our audit, the following audit procedures were applied regarding the recording of investments valued using the equity method in the financial statements:" • The total equity value of Otoyol Yatırım ve İşletme A.Ş., which is accounted for using the equity method, as of 31 December 2023 is USD 3.796.848 thousand (31 December 2022: USD 3.617.278), and it has been confirmed that it is parallel to the increase in investments valued using the equity method. The reconciliation of the investments valued using the equity method with the amounts going to the income statement has been verified using the recalculation method." • For the investment valued using the equity method, the financial statements, attendance lists, general assembly minutes, trade registry gazettes, etc., were obtained and the accuracy of the information in the records was verified." • A confirmation letter from external sources has been obtained for the investments valued using the equity method."

4) Key Audit Matters (Continued)

Key Audit Matters	How our audit addressed the Key Audit Matter
Revenue Recognition	
A significant portion of the Group's revenue is derived from project contracts and construction work (infrastructure and superstructure projects, dams, hydroelectric power plants, hotels, mass housing, turnkey manufacturing facilities and industrial plants, and the construction of wastewater treatment plants). The Group's consolidated revenue for the year ending 31 December 2023 is in the amount of TL 14.482.700 thousand (31 December 2022: TL 14.837.144 thousand), and a significant portion of the consolidated revenue is derived from contract income related to projects. (Note 24). In the context of revenue recognition, determining the outcomes of construction projects with specific project conditions, particularly estimating the costs to be incurred to complete the projects, the impact of uncertainties related to future events on contract revenue, and accounting for amounts related to project change requests are based on management's estimates and judgments. The recognition of revenue from construction and project contracts (along with the accounting of receivables and payables from ongoing construction contracts) has been identified as a key audit matter due to its significant reliance 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 has 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.

4) Key Audit Issues (Continued)

Key Audit Matters	**How our audit addressed the Key Audit Matter**
Financial Liabilities	
In the Group's consolidated financial statements as of 31 December 2023, short- and long-term financial liabilities is in the amount of TL 16.541.993 thousand (31 December 2022: TL 18.629.934 thousand), representing 29% of the Group's total liabilities (31 December 2022: 39%) (Note 8). Financial liabilities have been identified as a key audit matter due to the complexity of the audit and the calculation technique, which have a significant impact on the consolidated financial statements.	During our audit, regarding the recognition of revenue in financial statements, the following audit procedures we have been applied: • Our audit procedures are designed to question the accuracy of bank loans, and confirmatory documents such as important bank loans were provided during the audit process. • Confirmations regarding the Group's bank loan balances have been obtained. • Calculations related to the 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**
Application of TAS 29 - Financial Reporting in Hyperinflationary Economies	
The Group has applied TAS 29 "Financial reporting in hyperinflationary economies" ("TAS 29") in its consolidated financial statements as at and for the year ending 31 December 2023. TAS 29 requires financial statements to be restated at the current purchasing power at the end of the reporting period. Therefore, transactions in 2023 and non-monetary balances at the end of the period were restated to reflect the changes in the price index as of the balance sheet date, 31 December 2023. The application of TAS 29 has a pervasive and material impact on the consolidated financial statements. Considering the risk of inaccurate or incomplete data used in the application of TAS 29 and the additional associated audit effort, the application of TAS 29 has been identified as a key audit matter for our audit. Disclosures regarding the application of TAS 29 are provided in Note 2.	We performed the following auditing procedures in relation to the application of TAS 29: Understanding and evaluating the process and controls related to the implementation of TAS 29 designed and implemented by management, Verifying whether the determination of monetary and non-monetary items made by the management is in compliance with TAS 29, Obtaining detailed lists of non-monetary items and testing the original entry dates and amounts on a sample basis, Evaluating the calculation methods used by management and verifying whether they are consistently used consistently in all periods, Verifying the general price index rates used in calculations with the coefficients obtained from the Consumer Price Index in Turkey published by the Turkish Statistical Institute, Testing the mathematical accuracy of non- monetary items, income statement, and cash flow statement adjusted for inflation effects, Evaluating the adequacy of disclosures related to the application of TAS 29 in the notes to the consolidated financial statements in accordance with TFRS.

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

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

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

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

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

Responsibilities of independent auditors in an independent audit are as follows:

Our aim is 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 independent auditor's report that includes our opinion. Reasonable assurance expressed as a result of an independent audit conducted in accordance with SIA is a high level of assurance but does not guarantee that a material misstatement will always be detected. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

We use our professional judgment and maintain our professional skepticism throughout the independent audit as a requirement of the independent audit conducted in accordance with the independent auditing standards published by the CMB and the SIA.

- 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

6.) Auditor's Responsibilities for the Audit of the Consolidated 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.

7) Other Responsibilities Arising from 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.

1) According to paragraph four of article numbered 402 of TCC (6102) at the accounting period of the Company as of 1 January – 31 December 2023, there are no important matters encountered regarding the system of bookkeeping and financial statements.

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

The name of the engagement partner who supervised and concluded this audit is Nazım Hikmet.

Eren Bağımsız Denetim Anonim Şirketi
A member firm of Grant Thornton International

Nazım Hikmet
Partner

17 May 2024
İstanbul, Türkiye

NUROL İNŞAAT VE TİCARET ANONİM ŞİRKETİ
CONSOLIDATED BALANCE SHEETS
AT 31 DECEMBER 2023 AND 2022

(Currency – Thousand Turkish Liras "TL" in terms of purchasing power of the "TL" at 31 December 2023 unless otherwise expressed)

ASSETS	Notes	Audited Current Period 31 December 2023 TL	Audited Current Period 31 December 2023 USD	Audited Prior Period 31 December 2022 TL	Audited Prior Period 31 December 2022 USD
Current Assets					
Cash and cash equivalents		1.013.106	34.415	1.944.042	63.098
Financial investments		--	--	2.257	73
Trade receivables					
- Due from related parties		3.136	107	7	--
- Other trade receivables		2.841.356	96.519	2.432.444	78.951
Other receivables					
- Due from related parties		16.428	558	5.028	163
- Other receivables		815.900	27.716	755.196	24.512
Inventories		599.083	20.351	1.474.477	47.858
Receivables from ongoing construction works and projects		1.500.367	50.967	2.456.229	79.722
Prepaid expenses		88.146	2.994	132.084	4.287
Current income tax asset		76.808	2.609	248.161	8.055
Other current assets		901.929	30.638	545.197	17.696
Total non current assets prior to discontinued operations		**7.856.259**	**266.874**	**9.995.122**	**324.415**
Available for sale financial assets		149.864	5.091	358.331	11.630
Total Current Assets		**8.006.123**	**271.965**	**10.353.453**	**336.045**
Non Current Assets					
Financial investments					
Trade receivables					
- Due from related parties		2.954	100	11.729	381
- Other trade receivables		--	--	--	--
Other receivables					
- Due from related parties		168.083	5.710	155.121	5.035
- Other receivables		12.149	413	8.368	272
Investments		517.671	17.585	517.465	16.796
Investments recognized using the equity method		29.004.929	985.282	28.920.593	938.684
Investment properties		9.759.176	331.514	5.708.737	185.290
Property, plant and equipment		1.071.457	36.397	1.217.205	39.507
Intangible assets					
- Goodwill		189.449	6.435	189.449	6.149
- Other intangible assets		1.843	63	2.853	93
Prepaid taxes and funds		250.678	8.515	142.739	4.633
Prepaid expenses		--	--	927	30
Deferred tax assets		2.963.400	100.665	460.850	14.958
Total Non Current Assets		**43.941.789**	**1.492.679**	**37.336.036**	**1.211.828**
TOTAL ASSETS		**51.947.912**	**1.764.644**	**47.689.489**	**1.547.873**

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

NUROL İNŞAAT VE TİCARET ANONİM ŞİRKETİ
CONSOLIDATED BALANCE SHEETS
AT 31 DECEMBER 2023 AND 2022

(Currency – Thousand Turkish Liras "TL" in terms of purchasing power of the "TL" at 31 December 2023 unless otherwise expressed)

LIABILITIES	**Notes**	**Audited Current Period 31 December 2023 TL**	**Audited Current Period 31 December 2023 USD**	**Audited Prior Period 31 December 2022 TL**	**Audited Prior Period 31 December 2022 USD**
Current Liabilities					
Financial liabilities		1.481.713	50.333	1.219.294	39.575
Trade payables					
- Due to related parties		424.216	14.410	80.677	2.619
- Other trade payables		2.652.531	90.105	4.728.806	153.484
Liabilities for employee benefits		74.588	2.534	93.533	3.036
Other payables					
- Due to related parties		2.001	68	8.340	271
- Other payables		83.665	2.842	66.318	2.153
Deferred income		500.730	17.010	115.980	3.764
Current income tax liabilities		78.353	2.662	--	--
Deferred contract revenue		111.966	3.803	481.501	15.628
Short term provisions					
- Short term provisions for employee benefits		57.349	1.948	61.093	1.983
- Other short term provisions		18.512	629	42.495	1.379
Other current liabilities		399.114	13.558	189.453	6.149
Total Current Liabilities		**5.884.738**	**199.902**	**7.087.490**	**230.041**
Non Current Liabilities					
Financial liabilities		15.060.280	511.590	17.410.640	565.102
Trade payables					
- Due to related parties		--	--	--	--
- Other payables		3.453.352	117.309	3.324.410	107.901
Other payables					
- Due to related parties		1.105.200	37.543	--	--
- Other payables		75.187	2.554	39.142	1.270
Deferred income		419.862	14.262	544.818	17.683
Long term provisions					
- Long term provisions for employee benefits		132.171	4.490	165.831	5.382
Other non current liabilities		70	2	4.202	136
Deferred tax liabilities		1.850.114	62.847	700.600	22.740
Total Non Current Liabilities		**22.096.236**	**750.597**	**22.189.643**	**720.214**
EQUITY					
Equity Attributable to Owners of the Parent					
Share capital		900.000	30.573	900.000	29.212
Share capital adjustment differences		3.009.693	102.238	3.009.693	97.686
Other comprehensive income/expense not to be reclassified to profit					
- Actuarial gain / (loss)		(15.331)	(521)	(10.641)	(345)
Other comprehensive income/expense not to be reclassified to profit					
- Currency translation differences		(1.469.270)	(49.910)	(892.761)	(28.977)
- Change in fair value of available-for-sale financial assets		(141.456)	(4.805)	53.431	1.734
Restricted reserves		409.509	13.911	409.509	13.292
Prior years' profit/(loss)		14.948.750	507.801	6.247.707	202.784
Net profit for the period		6.325.043	266.337	8.695.418	318.842
Non Controlling Interests		--	--	--	--
Total Equity		**23.966.938**	**865.624**	**18.412.356**	**634.228**
Translation difference		--	(51.479)	--	(36.610)
TOTAL LIABILITIES AND EQUITY		**51.947.912**	**1.764.644**	**47.689.489**	**1.547.873**

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

NUROL İNŞAAT VE TİCARET ANONİM ŞİRKETİ
CONSOLIDATED FINANCIAL STATEMENTS OF PROFIT AND LOSS
AS OF 01 JANUARY - 31 DECEMBER 2023 AND 2022
(Currency – Thousand Turkish Liras "TL" in terms of purchasing power of the "TL" at 31 December 2023 unless otherwise expressed)

	Notes	Audited Current Period 1 January - 31 December 2023 TL	Audited Current Period 1 January - 31 December 2023 USD	Audited Prior Period 1 January - 31 December 2022 TL	Audited Prior Period 1 January - 31 December 2022 USD
Sales income	24	14.482.700	609.844	14.837.144	544.045
Cost of sales (-)	24	(11.559.213)	(486.741)	(12.098.365)	(443.620)
Gross profit		**2.923.487**	**123.103**	**2.738.779**	**100.425**
General administrative expenses (-)		(1.003.748)	(42.266)	(1.277.776)	(46.853)
Research and development expenses (-)		(38.641)	(1.627)	(36.615)	(1.343)
Other operating income	25	66.257	2.790	35.759	1.311
Other operating expenses (-)	25	(260.778)	(10.981)	(283.765)	(10.405)
Operating profit		**1.686.577**	**71.019**	**1.176.382**	**43.135**
Shares from profit / loss from investments revalued with the equity method	16	11.461.825	482.640	11.793.637	432.447
Income from investing activities	26	5.094.559	214.524	3.443.484	126.265
Expenses from investing activities (-)	26	(1.796)	(76)	(82.868)	(3.039)
Operating profit before financial income / (expenses)		**18.241.165**	**768.107**	**16.330.635**	**598.808**
Financial income	27	4.315.405	181.715	1.160.136	42.540
Financial expenses (-)	27	(12.517.263)	(527.083)	(10.901.887)	(399.748)
Monetary loss / (gain)		(3.073.585)	(129.424)	2.484.445	91.099
Profit before tax		**6.965.722**	**293.315**	**9.073.329**	**332.699**
Tax	28	(78.353)	(3.299)	--	--
Deferred tax charge	28	(562.326)	(23.679)	(377.911)	(13.857)
PROFIT FOR THE PERIOD		**6.325.043**	**266.337**	**8.695.418**	**318.842**
Earnings per share	**29**	**7,028**	**--**	**19,366**	**--**
EBITDA	**2.7**	**1.836.719**	**77.341**	**1.394.981**	**51.151**

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

(Currency – Thousand Turkish Liras "TL" in terms of purchasing power of the "TL" at 31 December 2023 unless otherwise expressed)

Other Comprehensive Income	**Audited Current Period 1 January - 31 December 2023**	**Audited Prior Period 1 January - 31 December 2022**
Profit for the Period	6.325.043	8.695.418
Items not to be reclassified to profit or loss	**(4.690)**	**(10.641)**
Actuarial gains / loss on defined benefit plans	(5.863)	(13.088)
Actuarial gains / loss on defined benefit plans deferred tax effect	1.173	2.447
Items to be reclassified to profit or loss	**(771.396)**	**(4.309.670)**
Currency translation differences	(484.886)	(1.448.969)
Available for sale financial assets	(286.510)	(2.860.701)
Other Comprehensive Income / (Expense)	**(776.086)**	**(4.320.311)**
Total Comprehensive Income	**5.548.957**	**4.375.107**

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

(Currency – Thousand Turkish Liras “TL” in terms of purchasing power of the “TL” at 31 December 2023 unless otherwise expressed)

	Share capital	**Capital adjustment different**	**Actuarial gain / (loss)**	**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 2022	**444.000**	**2.714.328**	**--**	**2.375.652**	**2.914.132**	**409.509**	**4.652.109**	**--**	**13.509.730**
Capital increase									
-Cash	456.000	295.365	--	--	--	--	--	--	751.365
Effect of changes in IAS 19 "Employee Termination Benefits" standard (Note 2)	--	--	(10.641)	--	--	--	--	--	(10.641)
Foreign currency translation differences	--	--	--	(1.448.969)	--	--	--	--	(1.448.969)
Revaluation of financial assets held for sale	--	--	--	--	(2.860.701)	--	--	--	(2.860.701)
Correction of prior years losses	--	--	--	--	--	--	78.870	--	78.870
Effect of exclusion from consolidation	--	--	--	(1.819.444)	--	--	1.516.728	--	(302.716)
Net profit for the period	--	--	--	--	--	--	--	8.695.418	8.695.418
Balance at 31 December 2022	**900.000**	**3.009.693**	**(10.641)**	**(892.761)**	**53.431**	**409.509**	**6.247.707**	**8.695.418**	**18.412.356**
Transfer to general reserves	--	--	--	--	--	--	8.695.418	(8.695.418)	--
Effect of changes in IAS 19 "Employee Termination Benefits" standard (Note 2)	--	--	(4.690)	--	--	--	--	--	(4.690)
Foreign currency translation differences	--	--	--	(576.509)	91.623	--	--	--	(484.886)
Revaluation of financial assets held for sale	--	--	--	--	(286.510)	--	--	--	(286.510)
Correction of prior years losses	--	--	--	--	--	--	5.570	--	5.570
Effect of exclusion from consolidation	--	--	--	--	--	--	55	--	55
Net profit for the period	--	--	--	--	--	--	--	6.325.043	6.325.043
									--
Balance at 31 December 2023	**900.000**	**3.009.693**	**(15.331)**	**(1.469.270)**	**(141.456)**	**409.509**	**14.948.750**	**6.325.043**	**23.966.938**

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

(Currency – Thousand Turkish Liras "TL" in terms of purchasing power of the "TL" at 31 December 2023 unless otherwise expressed)

	Audited Current Period 1 January - 31 December 2023	**Restated Prior Period 1 January - 31 December 2022**
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit for the period	*6.325.043*	*8.695.418*
Adjustments to reconcile net cash generated		
Depreciation and amortization charge	150.142	218.599
Effect of revaluation of investment properties	(5.057.942)	(1.916.220)
Changes in doubtful debt provision	10.923	9.105
Provision for employee termination benefits	(52.033)	142.581
Changes in provision for lawsuits	(7.411)	15.362
Adjustments related to interest (income) / expense	2.925.340	4.014.209
Period profit from investments recognized using the equity method	(11.453.141)	(11.790.839)
Foreign currency translation differences	861.285	(1.486.752)
Deferred tax asset / (liability), net	(1.809.607)	359.799
Tax effect of actuarial loss / gain	1.173	2.447
Changes in net working capital		
Increases/decreases in inventories	295.771	(573.289)
Increases/decreases in trade receivables	(1.378.215)	(1.602.768)
Increases/decreases in other receivables	(451.955)	100.569
Changes in receivables from costs on ongoing construction contracts	(9.692)	(1.420.080)
Increases / decreases in prepaid expenses	(7.422)	(136.913)
Increases / decreases in other current non-current assets	(571.051)	(412.292)
Increases/decreases in trade payables	(4.801.261)	5.836.652
Increases/decreases in other payables	1.181.207	(1.716.437)
Changes in receivables from costs on uncompleted construction contracts	(558.815)	169.173
Increase/decreases related to other liabilities in relation with advances received	32	287.056
Tax paid/returned	(11.897)	30.412
Other short-term provisions	(113.716)	70.505
Monetary loss / (gain)	26.924.121	(7.145.843)
Net Cash Flows Generated from Operating Activities	12.390.879	(8.249.546)
B. CASH FLOWS FROM FINANCING ACTIVITIES		
Cash flows generated from/used in short term financial liabilities	(216.891)	653.958
Cash flows generated from/used in long term financial liabilities	(9.194.555)	10.429.251
Interest expense paid	(2.925.340)	(4.014.209)
Change in fair value of available-for-sale financial assets	67.606	916.808
Net Cash Flows Generated from Financing Activities	(12.269.180)	7.985.808
C. CASH FLOWS FROM INVESTMENT ACTIVITIES		
Capital increase	--	456.000
Proceeds from investments recognized using the equity method	--	2.867
Financial investments	1.370	(278.180)
Changes in property, plant and equipment	(58.142)	309.954
Changes in intangible assets	(949)	(2.920)
Changes in investment properties	(20.437)	301.529
Exclusion from consolidation	5.625	1.600.042
Revaluation of held for sale financial assets	(215.891)	(1.023.198)
Net Cash Flows Used in Investment Activities	(288.424)	1.366.094
Inflation adjustment on cash and cash equivalents	(764.211)	(1.436.522)
	--	--
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	**(930.936)**	**(334.166)**
	--	--
D.CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**1.944.042**	**2.278.208**
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**1.013.106**	**1.944.042**

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

(Currency – Thousand Turkish Liras "TL" in terms of purchasing power of the "TL" at 31 December 2023 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 wastewater 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 2023, 6.050personnel were employed within the Group on average (31 December 2022: 8.187personnel).

As of 31 December 2023 and 31 December 2022, the shareholding structure is as follows:

	31.12.2023	Share Ratio (%)	31.12.2022	Share Ratio (%)
Nurol Holding A.Ş.	899.533	99,95	899.533	99,95
Nurettin Çarmıklı	137	0,02	137	0,02
Mehmet Oğuz Çarmıklı	137	0,02	137	0,02
Aynur Türkan Çarmıklı	28	0,00	28	0,00
Figen Çarmıklı	137	0,02	137	0
Müjgan Sevgi Kayaalp	28	0,00	28	0,00
	900.000	**100**	**900.000**	**100**
Inflation adjustment	3.009.693		3.009.693	
	3.909.693	**100**	**3.909.693**	**100**

The Company's capital consists of 900.000 thousand shares, each with a nominal value of TL 1 (one Turkish Lira) (31 December 2022): 900.000 thousand shares, each with a nominal value of TL (one Turkish Lira).

The projects undertaken by the Group as of 31 December 2023 are summarized below (Note 13):

Turkey Projects
- Eğiste 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 - 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)
- Nestle Dry Pet Food Factory (Nurol İnşaat)
- B557 Manufacturing and R&D Building Construction (Nurol İnşaat)

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" in terms of purchasing power of the "TL" at 31 December 2023 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. (2022: 25.95%) and is listed in the accompanying consolidated financial statements under investments recognized using the equity method (Note 16).

	Branches and Joint Ventures (%)	
	31.12.2023	**31.12.2022**
Foreign		
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	100
Domestic		
Özgün - Nurol Joint Venture	50	50
Nurol - YDA - Özka Joint Venture (*)	65	40
Nurol - Mesa Joint Venture	50	50
Nurol - Gülermak Joint Venture (**)	--	50
Nurol - Gülsan Joint Venture	50	50
Gama - Nurol Joint Venture	50	50
Nurol - Gülermak - Makyol Joint Venture	33,33	33,33

(*) Yüksel İnşaat A.Ş., which holds a 25% partnership share in the Ordu Highway Completion Project undertaken by Nurol – Yüksel - YDA - Özka Joint Venture, has transferred its shares to Nurol İnşaat A.Ş. with a transfer agreement.

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

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.

The ongoing projects of Nurol İnşaat, its foreign branches and subsidiaries as of 31 December 2023 are as follows:

Nurol İnşaat ve Ticaret A.Ş.

Eğiste Viaduct Project

The Eğiste 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. The project's temporary admission made in November 2022.The projects final admission was accepted in 26 November 2023.

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

Nurol İnşaat ve Ticaret A.Ş. (Continued)

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 the 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 June 2025.

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 as of 22 January 2024.

B1070 Test Building Construction Project

B1070 Test Building Construction Works, located in Kahramankazan district of Ankara, consists of construction of all infrastructure systems and connections with existing systems, in a fully functional and operational condition, and delivering 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 March 2024.

B557 Manufacturing and Research and Development Building Construction Works

The scope of the Project, where TAI is the employer and is located in Ankara's Kahramankazan district, includes infrastructure and road works, earthworks, prefabricated building works, reinforced concrete, steel, fine and electromechanical works. The carrier systems (columns, beams and floors) of the Production and R&D Building, which has a total area of 26.000 m2, consist of prefabricated elements. The project is planned to be completed in June 2024.

Nestle Dry Pet Food Factory Construction Project

Located in the Province of Balıkesir, Nestle Dry Pet Food Factory Project, tendered by Nestle Türkiye Gıda Sanayi A.Ş. includes infrastructure and road works, earthworks, ground improvement, bored pile works, completion of reinforced concrete, steel, fine and electromechanical works. The project is scheduled to be completed in September 2024.

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. The 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 voluminous projects.

The ongoing projects of Nurol LLC as of 31 December 2023 is 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 the infrastructure of 3.199 villas and residential units are to be completed.

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.

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

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 of as of 31 December 2023 is as follows:

Boukhroufa Dam Project

The project is assumed by Nurol-Gesi TP 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 January 2025

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 April 2026.

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 was completed in September 2023.

Ploiesti-Buzau Lot-3 (Km 49+350 - 63.250) Motorway:

The project is comprised of a highway project that includes 1 CIC, 1 service area, 2 intersections; a total of 7 bridges (420 m steel, the rest precast beams) with a total length of 1.907 m, a total of 3.3 km of connecting roads, and a main route length of 13.9 km. The project is scheduled for completion in 20 months.

The Târgu Mureş – Târgu Neamţ Highway, Section I Târgu Mureş – Miercurea Nirajului and the Design and Construction Works Project of the Connection to the A3 Highway

The duration of the project is 30 months which includes 6 months for design and 24 months for construction. The length of the motorway is 24,4 km and the project includes 30 precast bridges with a total length of 2.588 m, 2 steel bridges with a total length of 343 m, 4 highway underpasses, 3 interchanges, 2 service and parking areas, 1 operation and maintenance center and 26,9 km of 9 m wide connection roads. The platform width of the Motorway is 26 meters and is planned to have a total of 4 lanes with 2 lanes in each direction.

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 December 2027

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 June 2025.

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 to be constructed. The project's temporary acceptance was 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 7.000 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 June 2024.

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 December 2026.

2. Basis of Presentation of the Consolidated Financial Statements

2.1 Basis of Presentation

Statement of Compliance to TFRS

The accompanying consolidated financial statements are prepared in accordance with the Communiqué Serial II, No:14.1, "Principles of Financial Reporting in Capital Markets" ("the Communiqué") published in the Official Gazette numbered 28676 on 13 June 2013. According to the article 5 of the Communiqué, consolidated financial statements are prepared in accordance with Turkish Financial Reporting Standards ("TFRS") and its addendum and interpretations ("IFRIC") issued by Public Oversight Accounting and Auditing Standards Authority ("POA") Turkish Accounting Standards Boards. The consolidated financial statements of the Group are prepared as per the CMB announcement of 4 October 2022 relating to financial statements presentations.

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

2.1 Basis of Presentation (Continued)

Statement of Compliance to TFRS (Continued)

The Company and its subsidiaries operating in Turkey, maintains its accounting records and prepares its statutory financial statements in accordance with the Turkish Commercial Code (the "TCC"), tax legislation and the uniform chart of accounts issued by the Ministry of Finance. These consolidated financial statements are based on the statutory records, with the required adjustments and reclassifications including those related to changes in purchasing power reflected for the purpose of fair presentation in accordance with the TFRS.

Approval of consolidated financial statements

These consolidated financial statements as of and for the year ended 31 December 2023 have been approved for issue by the Board of Directors on 17 May 2024. The General Assembly and various regulatory authorities have the right to amend the financial statements.

Functional and reporting presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("functional currency").

The consolidated financial statements are prepared and presented in Turkish Lira ("TL"), which is the functional currency of the parent company.

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

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

Adjustment of financial statements in hyperinflationary periods

The Group prepared its consolidated financial statements as at and for the year ended 31 December 2023 by applying TAS 29 "Financial Reporting in Hyperinflationary Economies" in accordance with the announcement made by Public Oversight Accounting and Auditing Standards Authority ("POA") on 23 November 2023 and the "Implementation Guide on Financial Reporting in Hyperinflationary Economies". The standard requires that financial statements prepared in the currency of a hyperinflationary economy be stated in terms of the purchasing power of that currency at the reporting period and that comparative figures for prior period financial statements be expressed in terms of the measuring unit current at the end of the reporting period. Therefore, the Group has presented its consolidated financial statements as of 31 December 2022, on the purchasing power basis as of 31 December 2023.

In accordance with the CMB's decision dated 28 December 2023, and numbered 81/1820, issuers and capital market institutions subject to financial reporting regulations applying Turkish Accounting/Financial Reporting Standards are required to apply inflation accounting by applying the provisions of TAS 29 to their annual financial statements for the accounting periods ending on 31 December 2023.

The restatements in accordance with TAS 29 have been made using the adjustment factor derived from the Consumer Price Index ("CPI") in Türkiye published by the Turkish Statistical Institute.

(Currency – Thousand Turkish Liras "TL" in terms of purchasing power of the "TL" at 31 December 2023 unless otherwise expressed)

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

2.1 Basis of Presentation (Continued)

Adjustment of financial statements in hyperinflationary periods (continued)

The CPI for current and previous year periods and corresponding conversion factors since the time when the Turkish lira previously ceased to be considered currency of hyperinflationary economy, i.e., since 1 January 2005, were as follows:

Year end	Index	Index, (%)	Conversion Factor
2004	113,86	13,86	16,33041
2005	122,65	7,72	15,16005
2006	134,49	9,65	13,82541
2007	145,77	8,39	12,75557
2008	160,44	10,06	11,58925
2009	170,91	6,53	10,87929
2010	181,85	6,40	10,22480
2011	200,85	10,45	9,25756
2012	213,23	6,16	8,72007
2013	229,01	7,40	8,11921
2014	247,72	8,17	7,50597
2015	269,54	8,81	6,89835
2016	292,54	8,53	6,35599
2017	327,41	11,92	5,67906
2018	393,88	20,30	4,72068
2019	440,50	11,84	4,22107
2020	504,81	14,60	3,68333
2021	686,95	36,08	2,70672
2022	1.128,45	64,27	1,64773
2023	1.859,38	64,77	1,00000

Assets and liabilities were separated into those that were monetary and non–monetary, with non–monetary items were further divided into those measured on either a current or historical basis to perform the required restatement of financial statements under TAS 29. Monetary items (other than index -linked monetary items) and non-monetary items carried at amounts current at the end of the reporting period were not restated because they are already expressed in terms of measuring unit as of 31 December 2023. Non-monetary items which are not expressed in terms of measuring unit as of 31 December 2023 were restated by applying the conversion factors. The restated amount of a non-monetary item was reduced, in accordance with appropriate TFRSs, in cases where it exceeds its recoverable amount or net realizable value. Components of shareholders' equity in the statement of financial position and all items in the statement of profit or loss and other comprehensive income have also been restated by applying the conversion factors.

Non-monetary items measured at historical cost that were acquired or assumed and components of shareholders' equity that were contributed or arose before the time when the Turkish lira previously ceased to be considered currency of hyperinflationary economy, i.e. before 1 January 2005, were restated by applying the change in the CPI from 1 January 2005 to 31 December 2023.

The application of TAS 29 results in an adjustment for the loss of purchasing power of the Turkish lira presented in Net Monetary Position Gains (Losses) item in the profit or loss section of the statement of profit or loss and comprehensive income. In a period of inflation, an entity holding an excess of monetary assets over monetary liabilities loses purchasing power and an entity with an excess of monetary liabilities over monetary assets gains purchasing power to the extent the assets and liabilities are not linked to a price level. This gain or loss on the net monetary position is derived as the difference resulting from the restatement of non-monetary items, owners' equity and items in the statement of profit or loss and other comprehensive income and the adjustment of index linked assets and liabilities.

In addition, in the first reporting period in which TAS 29 is applied, the requirements of the Standard are applied as if the economy had always been hyperinflationary. Therefore, the statement of financial position at the beginning of the earliest comparative period, i.e. as of 1 January 2022, was restated as the base of all subsequent reporting. Restated retained earnings/losses in the statement of financial position as of 1 January 2022 was derived as balancing figure in the restated statement of financial position.

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

2.1 Basis of Presentation (Continued)

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 2023 are consistent with the estimates applied in the preparation of the consolidated financial statements for the years ended 31 December 2022

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.

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 value of the shares owned by the Company and the dividends arising from them have been netted off from the related equity and profit or loss statement accounts.

Branches

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

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

2.3 Principles of Consolidation (Continued)

Branches (Continued)

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

Joint ventures

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

Investments

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

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. Restatement and Errors in the Accounting Policies Estimates

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

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

2.5. Comparative Information and Adjustment of Financial Statements of Previous Period

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

2.6. New and Amended Financial Reporting Standards

The accounting policies adopted in preparation of the consolidated financial statements as of December 31, 2023 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRS interpretations effective as of January 1, 2023 and thereafter. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

i) The new standards, amendments and interpretations which are effective as of January 1, 2023 are as follows:

Amendments to TAS 8 - Definition of Accounting Estimates

In August 2021, POA issued amendments to TAS 8, in which it introduces a new definition of "accounting estimates". The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors. The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors. This aspect of the definition was retained by the POA. The amendments apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of the effective date.

The amendments did not have a significant impact on the financial position or performance of the Group.

Amendments to TAS 1 - Disclosure of Accounting Policies

In August 2021, POA issued amendments to TAS 1, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. In the absence of a definition of the term 'significant' in TFRS, the POA decided to replace it with 'material' in the context of disclosing accounting policy information. 'Material' is a defined term in TFRS and is widely understood by the users of financial statements, according to the POA. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and the nature of them. Examples of circumstances in which an entity is likely to consider accounting policy information to be material have been added.

The amendments did not have a significant impact on the financial position or performance of the Group.

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

In August 2021, POA issued amendments to TAS 12, which narrow the scope of the initial recognition exception under TAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability.

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

2.6. Principles of Consolidation (Continued)

i) The new standards, amendments and interpretations which are effective as of January 1, 2023 (Continued):

Amendments to TAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Continued)

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations should be recognized.

The amendments did not have a significant impact on the financial position or performance of the Group.

Amendments to TAS 12 - International Tax Reform – Pillar Two Model Rules

In September 2023, POA issued amendments to TAS 12, which introduce a mandatory exception in TAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes. The amendments clarify that TAS 12 applies to income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD). The amendments also introduced targeted disclosure requirements for entities affected by the tax laws. The temporary exception from recognition and disclosure of information about deferred taxes and the requirement to disclose the application of the exception apply immediately and retrospectively upon issue of the amendments. However, certain disclosure requirements are not required to be applied for any interim period ending on or before 31 December 2023.

The amendments did not have a significant impact on the financial position or performance of the Group.

ii) Standards issued but not yet effective and not early adopted

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the consolidated financial statements are as follows. The Group will make the necessary changes if not indicated otherwise, which will affect the consolidated financial statements and disclosures, when the new standards and interpretations become effective.

Amendments to TFRS 10 and TAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

In December 2017, POA postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted.

TFRS 17 - The new Standard for insurance contracts

POA issued TFRS 17 in February 2019, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. TFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. The mandatory effective date of the Standard postponed to accounting periods beginning on or after January 1, 2024 with the announcement made by the POA.

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

2.6. Principles of Consolidation (Continued)

ii) Standards issued but not yet effective and not early adopted (Continued)

Amendments to TAS 1- Classification of Liabilities as Current and Non-Current Liabilities

In January 2021 and January 2023, POA issued amendments to TAS 1 to specify the requirements for classifying liabilities as current or non-current. According to the amendments made in January 2023 if an entity's right to defer settlement of a liability is subject to the entity complying with the required covenants at a date subsequent to the reporting period ("future covenants"), the entity has a right to defer settlement of the liability even if it does not comply with those covenants at the end of the reporting period. In addition, January 2023 amendments require an entity to provide disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months. This disclosure must include information about the covenants and the related liabilities. The amendments clarified that the classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least twelve months after the reporting period. The amendments are effective for periods beginning on or after 1 January 2024. The amendments must be applied retrospectively in accordance with TAS 8. Early application is permitted. However, an entity that applies the 2020 amendments early is also required to apply the 2023 amendments, and vice versa.

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

The amendments issued by POA in September 2023 specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. Supplier finance arrangements are characterized by one or more finance providers offering to pay amounts an entity owes its suppliers and the entity agreeing to pay according to the terms and conditions of the arrangements at the same date as, or a date later than, suppliers are paid. The amendments require an entity to provide information about terms and conditions of those arrangements, quantitative information on liabilities related to those arrangements as at the beginning and end of the reporting period and the type and effect of non-cash changes in the carrying amounts of those liabilities. In the context of quantitative liquidity risk disclosures required by TFRS 7, supplier finance arrangements are also included as an example of other factors that might be relevant to disclose. The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted but will need to be disclosed.

Amendments to TAS 7 and TFRS 7 - Disclosures: Supplier Finance Arrangements

The amendments issued by POA in September 2023 specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. Supplier finance arrangements are characterized by one or more finance providers offering to pay amounts an entity owes its suppliers and the entity agreeing to pay according to the terms and conditions of the arrangements at the same date as, or a date later than, suppliers are paid. The amendments require an entity to provide information about terms and conditions of those arrangements, quantitative information on liabilities related to those arrangements as at the beginning and end of the reporting period and the type and effect of non-cash changes in the carrying amounts of those liabilities. In the context of quantitative liquidity risk disclosures required by TFRS 7, supplier finance arrangements are also included as an example of other factors that might be relevant to disclose. The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted but will need to be disclosed.

Overall, the Group expects no significant impact on its balance sheet and equity.

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

2.6. Principles of Consolidation (Continued)

iii) The new amendments that are issued by the International Accounting Standards Board (IASB) but not issued by Public Oversight Authority (POA)

The following amendments to IAS 21 are issued by IASB but not yet adapted/issued by POA. Therefore, they do not constitute part of TFRS. The Group will make the necessary changes to its consolidated financial statements after the amendments are issued and become effective under TFRS.

Amendments to IAS 21 - Lack of exchangeability

In August 2023, IASB issued amendments to IAS 21. The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. When an entity estimates a spot exchange rate because a currency is not exchangeable into another currency, it discloses information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments are not applicable for the Group and will not have an impact on the financial position or performance of the Group.

2.7 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.

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).

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

2.7 Summary of Significant Accounting Policies (Continued)

Related parties (Continued)

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

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,
e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

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

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

Income from construction contracts

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

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

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

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

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

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

2.7 Summary of Significant Accounting Policies (Continued)

Revenue (continued)

Income from construction contracts (Continued)

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

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

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

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

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

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

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

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.

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

2.7 Summary of Significant Accounting Policies (Continued

Trade receivables (Continued)

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 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.

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.

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

2.7 Summary of Significant Accounting Policies (Continued)

Property, plant and equipment (Continued)

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

	Useful Life
Buildings	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.

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.

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

2.7 Summary of Significant Accounting Policies (Continued)

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.

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

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

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

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

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

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.

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

2.7 Summary of Significant Accounting Policies (Continued)

Finance leases (Continued)

The Group - as the lease (Continued)

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

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

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

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

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

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

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

Group - as a lessor

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

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

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

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

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

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

2.7 Summary of Significant Accounting Policies (Continued)

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.

Financial instruments

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

Financial assets

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

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

Classification of financial assets

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

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

Financial assets that meet the following conditions are 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.

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

2.7 Summary of Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification of financial assets (Continued)

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.

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

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

2.7 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)

- 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 the case of disposal of equity investments, the total accumulated gain or loss is transferred to retained earnings.

Foreign exchange gains and losses

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

- 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.

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

2.7 Summary of Significant Accounting Policies (Continued

Financial instruments (continued)

Financial assets (continued)

Measuring and accounting for expected credit losses (Continued)

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

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

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the 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.

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

2.7 Summary of Significant Accounting Policies (Continued)

Financial instruments (continued)

Financial liabilities (Continued)

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.

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

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 189.449 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 shares as of 31 December 2023.

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.

(Currency – Thousand Turkish Liras "TL" in terms of purchasing power of the "TL" at 31 December 2023 unless otherwise expressed)

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

2.7 Summary of Significant Accounting Policies (Continued)

Provisions, contingent assets and liabilities (Continued)

Contingent Assets and Liabilities

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

Foreign currency transactions

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

	31 December 2023	31 December 2022
USD	29,4382	18,6983
EUR	32,5739	19,9349
GBP	37,4417	22,4892
DZD (Algerian Dinar)	0,21964	0,1364
GEL (Georgian Lari)	10,9616	6,9444
AED (United Arab Emirates Dirham)	7,9704	5,0627
RON (Romania Leusu)	6,5113	4,0062

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 2023 and 2022 and are as follows:

	31 December 2023	31 December 2022
Interest rate	25,05%	22,20%
Inflation rate	21,41%	19,90%

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

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.

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

2.7 Summary of Significant Accounting Policies (Continued)

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.

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)

2.7 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)

2.7 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.

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3. Geographical Segment Reporting

Information of total assets and total liabilities of the Group per geographical segments as of 31 December 2023 and 2022 are as follows:

31.12.2023	Turkey	United Arab Emirates	Georgia	Algeria	Romania	Eliminations	Total
Total assets	48.029.529	3.409.001	4.236.362	2.062.271	463.223	(6.252.474)	51.947.912
Total liabilities	48.029.529	3.409.001	4.236.362	2.062.271	463.223	(6.252.474)	51.947.912

31.12.2022	Turkey	United Arab Emirates	Georgia	Algeria	Romania	Eliminations	Total
Total assets	41.081.496	4.309.438	3.311.751	2.086.768	901.993	(4.001.957)	47.689.489
Total liabilities	41.081.496	4.309.438	3.311.751	2.086.768	901.993	(4.001.957)	47.689.489

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3. Geographical Segment Reporting (Continued)

Income statement information of the Group per geographical segment as of 31 December 2023 is as follows:

1 January - 31 December 2023	**Turkey**	**United Arab Emirates**	**Georgia**	**Algeria**	**Romania**	**Eliminations**	**Total**
Revenue	9.241.332	2.698.564	333.371	607.566	1.602.886	(1.019)	14.482.700
Cost of sales	(6.209.035)	(3.431.437)	(182.528)	(366.509)	(1.370.625)	921	(11.559.213)
Gross profit/(loss)	**3.032.297**	**(732.873)**	**150.843**	**241.057**	**232.261**	**(98)**	**2.923.487**
Operating expenses	(583.654)	(125.542)	(68.887)	(9.804)	(254.600)	98	(1.042.389)
Other operating income/(expenses), net	(220.229)	29.032	(3.324)	--	--	--	(194.521)
Operating profit / (loss)	**2.228.414**	**(829.383)**	**78.632**	**231.253**	**(22.339)**	**--**	**1.686.577**
Shares from profit of investments revalued with the equity method	11.461.825	--	--	--	--	--	11.461.825
Investment income/(expenses)	3.144.733	7.795	1.940.235	--	--	--	5.092.763
Financial income/(expenses) net	(11.165.760)	(91.794)	(21.209)	--	3.320	--	(11.275.443)
Profit/(loss) before tax from continued operations	**5.669.212**	**(913.382)**	**1.997.658**	**231.253**	**(19.019)**	**--**	**6.965.722**
Tax expense for the year	--	--	--	(78.353)	--	--	(78.353)
Deferred tax income/(expenses), net	(252.620)	--	(309.706)	--	--	--	(562.326)
Net profit/(loss) for the period	**5.416.592**	**(913.382)**	**1.687.952**	**152.900**	**(19.019)**	**--**	**6.325.043**

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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**	**Romania**	**Eliminations**	**Total**
Revenue	9.267.384	2.435.825	326.729	847.160	2.006.703	(46.657)	14.837.144
Cost of sales	(6.287.757)	(3.254.070)	(188.485)	(547.362)	(1.841.477)	20.786	(12.098.365)
Gross profit/(loss)	**2.979.627**	**(818.245)**	**138.244**	**299.798**	**165.226**	**(25.871)**	**2.738.779**
Operating expenses	(929.518)	(107.074)	(64.342)	(28.093)	(211.235)	25.871	(1.314.391)
Other operating income/(expenses), net	(87.372)	15.342	(3.608)	(172.368)	--	--	(248.006)
Operating profit / (loss)	**1.962.737**	**(909.977)**	**70.294**	**99.337**	**(46.009)**	**–**	**1.176.382**
Shares from profit of investments revalued with the equity method	11.793.637	--	--	--	--	--	11.793.637
Investment income/(expenses)	1.489.224	(45.612)	1.916.220	784	--	--	3.360.616
Financial income/(expenses) net	(6.949.641)	(68.178)	92.484	(265.883)	(17.409)	(48.679)	(7.257.306)
Profit/(loss) before tax from continued operations)	**8.295.957**	**(1.023.767)**	**2.078.998**	**(165.762)**	**(63.418)**	**(48.679)**	**9.073.329**
Tax expense for the year	--	--	--	--	--	--	--
Deferred tax income/(expenses), net	(91.198)	--	(286.713)	--	--	--	(377.911)
Net profit/(loss) for the period	**8.204.759**	**(1.023.767)**	**1.792.285**	**(165.762)**	**(63.418)**	**(48.679)**	**8.695.418**

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4. Related Parties Disclosures

a) Current trade receivables from related parties	**31.12.2023**	**31.12.2022**
SGO İnşaat Sanayi ve Ticaret A.Ş.	2.367	--
Nurol Gayrimenkul Yatırım Ortaklığı A.Ş.	280	--
Other	489	7
	3.136	**7**

b) Non-current trade receivables from related parties	**31.12.2023**	**31.12.2022**
Otoyol Yatırım ve İşletme A.Ş.	2.954	11.729
	2.954	**11.729**

c) Trade payables to related parties	**31.12.2023**	**31.12.2022**
Nurol Holding A.Ş.	420.792	65.342
Enova Elektrik Enerjisi Toptan Satış A.Ş.	1.313	4.785
Nurol Grup Elektrik Toptan Sat. A.Ş.	1.241	2.753
Botim İşletme Yönetim ve Ticaret A.Ş.	580	516
Nurol Sigorta Aracılık Hizmetleri A.Ş.	185	4.306
Bosfor Turizm İşletmecilik A.Ş.	99	16
SGO İnşaat Sanayi ve Ticaret A.Ş.	--	2.905
Nurol İşletme ve Gayrimenkul Yön. AŞ	--	51
Other	6	3
	424.216	**80.677**

d) Other current receivables to related parties	**31.12.2023**	**31.12.2022**
Botim İşletme Yönetim ve Ticaret A.Ş.	7.152	3.515
Oğuz Çarmıklı	2.696	716
Nurol Constructıon Germany Gmbh	2.052	--
Nurettin Çarmıklı	1.439	354
Figen Çarmıklı	1.237	435
SGO İnşaat Sanayi ve Ticaret A.Ş.	563	--
Nurol Eğitim Kültür ve Spor Vakfı	550	--
Nurol Gayrimenkul Yatırım Ortaklığı A.Ş.	177	--
Other	562	8
	16.428	**5.028**

e) Other current receivables from related parties	**31.12.2023**	**31.12.2022**
Otoyol Yatırım İşletme A.Ş.	168.083	155.121
	168.083	**155.121**

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4. Related Parties Disclosures (Continued)

f) Other current payables to related parties	**31.12.2023**	**31.12.2022**
Otoyol Yatırım ve İşletme A.Ş.	1.742	117
Nurol Yatırım Bankası A.Ş.	258	425
Nurol Holding A.Ş.	--	7.581
Nurol Teknoloji Sanayi ve Madencilik Ticaret A.Ş..	--	217
Other	1	--
	2.001	**8.340**

g) Other non-current payables to related parties	**31.12.2023**	**31.12.2022**
Nurol Holding A.Ş. (*)	1.105.200	--
	1.105.200	**--**

(*) The balance is comprised to funds provided to Nurol İnşaat by the parent company, Nurol Holding A.Ş.

5. Cash and Cash Equivalents

	31.12.2023	**31.12.2022**
Cash on hand	10.431	10.236
Cash at banks		
- demand deposits	775.495	1.619.024
- time deposits (with maturities of less than three months)	227.155	314.720
Credit card receivables	25	62
	1.013.106	**1.944.042**

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

	31.12.2023	**31.12.2022**
Cash at hand	10.431	10.236
- Demand		
- AED	266.153	834.066
- TL	167.066	370.653
- EURO	156.113	159.227
- USD	94.381	126.340
- DZD	46.781	2.424
- GEL	44.528	57.997
- RON	399	68.186
- RUB	61	119
- PLN	13	12
- Time deposits		
- TL	193.479	314.720
- RON	33.676	--
Credit card receivables	25	62
	1.013.106	**1.944.042**

(Currency – Thousand Turkish Liras "TL" in terms of purchasing power of the "TL" at 31 December 2023 unless otherwise expressed)

6. Trade Receivables and Payables

	31.12.2023	31.12.2022
Current trade receivables		
- Nurol İnşaat ve Ticaret A.Ş.	396.122	271.498
- Nurol Algeria Branch	1.756.792	1.406.250
- Nurol LLC	438.573	427.375
- Nurol Romania Branch	102.957	105.692
- Nurol Gülermak Makyol Joint Venture	39.965	126.331
- Nurol Yüksel YDA Özka Joint Venture	46.273	4.376
- Gülsan Nurol Joint Venture	14.301	1.056
- Nurol Mesa Joint Venture	10.503	3.699
- Nurol Georgia Branch	8.505	8.097
- Özgün Nurol Joint Venture	--	75.240
- Nurol Gülermak Joint Venture	--	1.050
Receivables from related parties (Note 4)	3.136	7
Notes receivable	27.365	1.780
Doubtful trade receivables	30.645	27.211
Provision for doubtful trade receivables (-)	(30.645)	(27.211)
	2.844.492	**2.432.451**

	31.12.2023	31.12.2022
Non-current trade receivables		
Non-current trade receivables from related parties (note 4)	2.954	11.729
	2.954	**11.729**

Movement of doubtful receivables is as follows:

	01.01-31.12.2023	01.01-31.12.2022
Opening balance, 01 January	**27.211**	**27.702**
Provisions during the period (Note 25)	12.261	9.034
Foreign currency translation differences (Note 25)	3.201	3.609
Companies excluded from consolidation	--	(231)
Collections/provisions no longer required (-) (Note 25)	(1.331)	(2.066)
Monetary Loss / Gain	(10.697)	(10.837)
Closing balance, 31 December	**30.645**	**27.211**

(Currency – Thousand Turkish Liras "TL" in terms of purchasing power of the "TL" at 31 December 2023 unless otherwise expressed)

6. Trade Receivables and Payables (Continued)

	31.12.2023	31.12.2022
Current trade payables		
- Nurol İnşaat ve Ticaret A.Ş.	498.945	348.857
- Nurol LLC	1.257.542	1.437.902
- Nurol Algeria Branch	490.018	2.324.292
- Nurol Gülermak Makyol Joint Venture	218.098	199.873
- Nurol Romania Branch	100.701	338.572
- Nurol YDA Özka Joint Venture	52.360	300
- Nurol Georgia	22.011	10.715
- Gülsan Nurol Joint Venture	8.501	15.713
- Nurol Mesa Joint Venture	3.559	4.912
- Özgün Nurol Joint Venture	796	39.033
- Nurol Gülermak Joint Venture	--	8.275
- Nurol Yüksel Özka YDA Joint Venture	--	362
Trade payables to related parties (Note 4)	424.216	80.677
	3.076.747	**4.809.483**

	31.12.2023	31.12.2022
Noncurrent trade payables		
Trade payables (*)	3.453.352	3.324.410
	3.453.352	**3.324.410**

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

7. Financial Assets

	31.12.2023	31.12.2022
Current		
Stock shares	--	2.257
	--	**2.257**

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8. Financial Liabilities (Continued)

	31.12.2023	31.12.2022
Current financial liabilities		
Current bank borrowings	1.251.698	850.714
Financial lease payables	4.879	199.959
Interest accruals	225.136	168.621
Total current financial liabilities	**1.481.713**	**1.219.294**
Short-term portion of long-term bond issuances and interest accruals	--	--
Total short-term portion of short-term borrowings	**1.481.713**	**1.219.294**
Non-current financial liabilities		
Non-current bank borrowings	12.556.576	13.936.266
Financial lease payables	3.704	14.142
Total non-current financial liabilities	**12.560.280**	**13.950.408**
Long-term bond issues (*)	2.500.000	3.460.232
Total non-current liabilities	**15.060.280**	**17.410.640**
Total financial liabilities	**16.541.993**	**18.629.934**

Long-Term Bonds Issued:

(*) The Company's quarterly interest quoted on the Istanbul Stock Exchange amounting to TL 1.4 billion on 30 December 2021 with a maturity of 15 January 2027, TL 100.000 thousand on 31 May 2022 with a maturity of 23 May 2025, and TL 600.000 thousand on 08 December 2022 with a maturity of 04 December 2025 with a coupon interest rate of %49,75 bond issuance.

The repayment schedule of the financial liabilities is as follows:

	31.12.2023	31.12.2022
Within 1 year	1.481.713	1.219.294
1 – 2 years	10.107.484	12.812.345
2 – 3 years	3.552.796	4.598.295
3 – 4 years	1.400.000	--
	16.541.993	**18.629.934**

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" in terms of purchasing power of the "TL" at 31 December 2023 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 %	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Current borrowings					
- TL	22,85	--	--	676.379	449.385
- USD	6,82	6.478	--	190.702	--
Joint ventures					
Nurol LLC loans		48.256	48.110	384.617	401.329
Current finance lease payables					
- TL financial lease payables		--	--	4.879	26.753
- EUR financial lease payables		--	5.273	--	173.206
Interest accruals		--	--	225.136	168.621
				1.481.713	**1.219.294**
Non-current borrowings					
- TL	22,61	--	--	5.170	--
- USD	6,82	42.005	25.000	1.236.543	770.244
- EUR	6,13	100.000	104.000	3.257.390	3.416.122
Joint ventures					
Nurol LLC loans		89.280	86.163	711.595	718.767
Nurol Georgia LLC loans		30.125	29.919	330.217	342.352
Non-current finance lease payables:					
- TL financial lease payables		--	--	3.704	14.141
Long-term bond issues		--	--	2.500.000	3.460.231
Reclassified financial liabilities (*)					
- TL	22,61	--	--	1.770.030	3.055.536
- USD	6,82	131.612	100.241	3.874.433	3.088.390
- EUR	6,13	42.095	77.475	1.371.198	2.544.857
				15.060.280	**17.410.640**

(*) 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" in terms of purchasing power of the "TL" at 31 December 2023 unless otherwise expressed)

9. Other Receivables and Payables

	31.12.2023	31.12.2022
Other current receivables		
Due from related parties and shareholders (Note 4)	16.428	5.028
Advances given to personnel	3.322	3.421
Deposits and guarantees given		
- Nurol LLC	765.007	467.097
- Nurol Romanian Branch	42.875	283.713
- Nurol Gülermak Joint Venture	126	208
- Nurol Gülermak Makyol Joint Venture	--	16
Other receivables		
- Nurol Algeria Branch	2.893	--
- Nurol İnşaat	1.624	--
- Other	53	741
Doubtful other receivables	1.586	2.625
Provision for doubtful other receivables (-)	(1.586)	(2.625)
	832.328	**760.224**

Movement of other doubtful receivables is as follows:

	01.01-31.12.2023	01.01-31.12.2022
Opening balance, 01 January	***2.625***	***421***
Provisions during the period (Note 25)	--	2.368
Collections/provisions no longer required (-) (Note 25)	(7)	--
Monetary Loss / Gain	(1.032)	(164)
Closing balance, 31 December	**1.586**	**2.625**

	31.12.2023	31.12.2022
Other non-current receivables		
Due from related parties (Note 4)	168.083	155.121
Deposits and guarantees given	12.149	8.368
	180.232	**163.489**

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9. Other Receivables and Payables (Continued)

	31.12.2023	31.12.2022
Other current payables		
Due to related parties (Note 4)	2.001	8.340
Deposits and guarantees received	83.604	66.249
Other	61	69
	85.666	**74.658**

	31.12.2023	31.12.2022
Other non-current payables		
Deposits and guarantees received	75.187	39.142
Due to related parties (Note 4)	1.105.200	--
	1.180.387	**39.142**

10. Inventories

	31.12.2023	31.12.2022
Construction materials	151.651	241.017
Investment properties under construction		
- Nurol İnşaat ve Ticaret A.Ş. (Yeşilyaka villas) (*)	2.509	154.061
- Romania Branch	154.205	216.632
- Algeria Branch	125.701	132.622
- Nurol Gülermak Makyol Joint Venture	492	783
Finished goods (predominantly completed residence construction projects)		
- Nurol İnşaat ve Ticaret A.Ş. (Yeşilyaka villas) (*)	140.523	705.710
- Nurol Georgia LLC (**)	20.863	6.405
- Romania Branch (***)	566	11.999
Other inventories	2.573	5.248
	599.083	**1.474.477**

(*) 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

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11. Prepaid Expenses and Deferred Income

	31.12.2023	31.12.2022
Prepaid expenses in current assets		
Order advances given for inventories	68.843	91.446
Prepaid expenses (*)	19.303	40.638
	88.146	**132.084**

(*) 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 Abu Dhabi.TL 3 million of it consists of all risk insurances within the scope of the ongoing project in Algeria. The remaining TL 12 Million of the balance consists of insurance expenses classified in accordance with the periodicity principle.

	31.12.2023	31.12.2022
Prepaid expenses in non-current assets		
Prepaid expenses	--	33
Advances given for tangible and intangible assets	--	894
	--	**927**

Prepaid expenses in current assets	31.12.2023	31.12.2022
Advances received		
-Nurol Algeria Branch	63.684	72.558
-Nurol İnşaat (*)	430.820	19.852
-Nurol Gülermak Makyol Joint Venture	2.750	15.790
-Nurol Mesa Joint Venture	3.325	--
-Other Advances	--	6
Prepaid expenses	151	7.774
	500.730	**115.980**

(*) As of 31 December 2023, TL 358.534 of advances received by Nurol İnşaat is comprised of advances received from Nestle Türkiye Gıda Sanayi A.Ş. as part of the Dry Pet Food Factory project.

Prepaid expenses in non-current assets	31.12.2023	31.12.2022
Advances received		
- Mesa Nurol Yeşilyaka Villas (Nurol İnşaat)	419.862	544.818
	419.862	**544.818**

(Currency – Thousand Turkish Liras "TL" in terms of purchasing power of the "TL" at 31 December 2023 unless otherwise expressed)

12. Available for Sale Financial Assets

	31.12.2023	31.12.2022
Stocks	149.864	358.331
	149.864	**358.331**

(*) As of 31 December 2023, TL 149.864 thousand of the Group's shares is comprised of the shares of Nurol GYO in Nurol LLC. (31 December 2022: TL 358.332 thousand).

13. Receivables and Payables from Ongoing Construction and Project Contracts

		31.12.2023		31.12.2022	
	%	Receivables from Construction Contracts	Payables Related to Construction Contracts	Receivables from Construction Contracts	Payables Related to Construction Contracts
Nurol LLC projects		671.137	111.966	1.343.479	466.648
Silifke Mut Road Project (Nurol İnşaat)	51	221.188	--	226.871	--
İzmir Çiğili Tramway Line Construction (Nurol İnşaat)	99	208.336	--	553.527	--
Ümraniye-Ataşehir-Göztepe Metro Construction Project (Nurol Gülermak Makyol Joint Venture)	80	151.242	--	--	14.853
Dry Pet Food Factory project (Nurol İnşaat)	68	111.438	--	--	--
TUSAŞ-B557 Manufacturing and R&D Building (Nurol İnşaat)	52	91.850	--	--	--
TUSAŞ-B1070 Test Building (Nurol İnşaat)	97	30.549	--	--	--
Yusufeli Group Dam Bridge Extension Works (Gülsan Nurol Joint Venture)	90	8.153	--	11.981	--
Ordu Highway Landslide Reclamation Works (NYYO) (Nurol YDA Özka Joint Venture)	23	6.474	--	--	--
Algeria Branch projects		--	--	320.371	--
		1.500.367	**111.966**	**2.456.229**	**481.501**

14. Investments

	%		Amount	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Nurol Gayrimenkul Yat. Ort. A.Ş.	3,10	3,10	314.755	314.755
Nurol Göksu Elektrik Üretim A.Ş.	5	5	85.789	85.789
Nurol Sigorta Aracılık Hizmetleri A.Ş.	39,7	39,7	49.443	49.443
Nurol Enerji Üretim Paz. A.Ş.	0,05	0,05	46.770	46.770
Otoyol Deniz Taşımacılığı A.Ş.	25,17	25,17	11.599	11.599
Otoyol İşletme ve Bakım A.Ş.	25,95	25.,95	8.765	8.765
Nurol İşletme ve Gayrimenkul Yönetim A.Ş.	0,13	0,13	202	202
Nurol Construction S.A.	100	--	206	--
Other	--	--	142	142
			517.671	**517.465**

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15. Property, Plant and Equipment

As of 31 December 2023, details of property, plant and equipment were as follows:

	31.12.2022	Additions	Disposals	Foreign currency translation differences	NYÖ share change	31.12.2023
Cost						
Land	37.775	--	--	9.552	--	47.327
Land improvements	7.322	158	(18)	--	43	7.505
Buildings	556.111	8.472	(15.915)	103.191	--	651.859
Machinery and equipment	2.819.097	70.842	(289.629)	387.383	1	2.987.694
Motor vehicles	543.368	4.100	(18.735)	58.656	--	587.389
Fixtures and fittings	514.204	17.782	(6.253)	80.904	26	606.663
Other property, plant and equipment	1.915.378	140	--	416.509	--	2.332.027
	6.393.255	**101.494**	**(330.550)**	**1.056.195**	**70**	**7.220.464**
Accumulated depreciation (-)						
Land improvements	1.659	112	(6)	--	26	1.791
Buildings	279.195	21.731	(4.897)	73.261	--	369.290
Machinery and equipment	2.237.169	97.600	(260.826)	464.756	1	2.538.700
Motor vehicles	297.080	9.218	(16.845)	53.676	--	343.129
Fixtures and fittings	496.593	8.292	(4.603)	89.085	22	589.389
Other property, plant and equipment	1.864.354	11.645	--	430.709	--	2.306.708
	5.176.050	**148.598**	**(287.177)**	**1.111.487**	**49**	**6.149.007**
Net Book Value	**1.217.205**					**1.071.457**

(Currency – Thousand Turkish Liras "TL" in terms of purchasing power of the "TL" at 31 December 2023 unless otherwise expressed)

15. Property, Plant and Equipment (Continued)

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	27.010	--	--	10.765	--	--	--	37.775
Land improvements	7.151	219	(48)	--	--	--	--	7.322
Buildings	472.033	16.808	(26.682)	109.363	--	(2.313)	(13.098)	556.111
Machinery and equipment	2.751.677	89.233	(459.654)	439.767	--	(1.728)	(198)	2.819.097
Motor vehicles	504.525	3.122	(17.319)	58.461	--	--	(5.421)	543.368
Fixtures and fittings	516.305	5.049	(133.749)	129.979	--	(3.505)	125	514.204
Other property, plant and equipment	1.533.825	3.505	(57.058)	429.830	--	--	5.276	1.915.378
	5.812.526	**117.936**	**(694.510)**	**1.178.165**	**--**	**(7.546)**	**(13.316)**	**6.393.255**
Accumulated depreciation (-)								
Land improvements	1.304	152	(12)	215	--	--	--	1.659
Buildings	179.634	38.035	(6.670)	86.149	--	(2.313)	(15.640)	279.195
Machinery and equipment	1.833.054	111.662	(328.593)	416.194	208.411	(1.351)	(2.208)	2.237.169
Motor vehicles	240.652	13.566	(3.569)	(2.054)	43.309	--	5.176	297.080
Fixtures and fittings	427.877	11.841	(122.441)	179.390	--	(545)	471	496.593
Other property, plant and equipment	1.477.067	41.666	(57.058)	407.642	--	--	(4.963)	1.864.354
	4.159.588	**216.922**	**(518.343)**	**1.087.536**	**251.720**	**(4.209)**	**(17.164)**	**5.176.050**
Net Book Value	**1.652.938**							**1.217.205**

(*) Nurol LLC has adopted the historical cost method from the revaluation method for its assets. Accordingly the Group Management has revised the accumulated depreciation figures.

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15. Property, Plant and Equipment (Continued)

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

	01.01-31.12.2023	**01.01-31.12.2022**
Depreciation of investment property (Note 18)	--	--
Depreciation of property, plant and equipment	148.598	216.920
Amortization of intangible assets (Note 19)	1.544	1.679
	150.142	**218.599**

	01.01-31.12.2023	**01.01-31.12.2022**
Cost of sales	57.663	153.727
General administrative expenses	92.479	64.872
	150.142	**218.599**

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 2023, recorded value of Otoyol Yatırım İşletme A.Ş., which has been valued using the equity method and 25.95% (31 December 2022: 25.95%) of the shares are owned by the Group, USD 3.796.848 thousand (31 December 2022: USD 3.617.278 thousand) as of 31 December 2023, total equity is TL 29.004.929 thousand (31 December 2022: TL 28.920.593 TL).

As of 31 December 2023, and 2022, profit share of investments of the Group recognized using the equity method is TL 11.461.825 thousand and TL 11.793.637 thousand, respectively.

17. Goodwill

As of 31 December 2023 and 2022, 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 189.449 thousand.

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18. Investment Properties

As of 31 December 2023 details of investment properties are as follows:

	31.12.2022	**Additions**	**Disposals**	**Foreign currency translation differences**	**Revaluation (*)**	**31.12.2023**
Cost						
Land	1.386.890	--	--	--	133.781	1.520.671
Buildings	1.375.787	1.409	(1.781)	--	2.983.926	4.359.341
Georgia Batumi Sheraton Hotel	2.946.060	20.809	--	(1.027.940)	1.940.235	3.879.164
	5.708.737	**22.218**	**(1.781)**	**(1.027.940)**	**5.057.942**	**9.759.176**
Accumulated depreciation (-)						
Buildings	--	--	--	--	--	--
Georgia Batumi Sheraton Hotel	--	--	--	--	--	--
	--	**--**	**--**	**--**	**--**	**--**
Net Book Value	**5.708.737**					**9.759.176**

(*) Sheraton Hotel Batumi has been revalued in 2023 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.

Nurol İnşaat A.Ş.'s land and buildings classified as investment properties were revalued in 2023 based on an appraisal (expert opinion) report provided by Smart Gayrimenkul Değerleme ve Danışmanlık A.Ş. The valuation difference between the revalued amount and the carrying amount (according to the appraisal report) has been recorded in the income statement in the accompanying consolidated financial statements under 'Revaluation of Investment Properties

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18. Investment Properties (Continued)

As of 31 December 2023 details of investment properties are as follows:

	31.12.2022	Additions	Disposals	Foreign currency translation differences	Revaluation (*)	Transfer	31.12.2023
Cost							
Land	1.653.410	--	(266.520)	--	--	--	1.386.890
Buildings	1.395.555	1.267	(32.427)	--	--	11.392	1.375.787
Georgia Batumi Sheraton Hotel	1.415.676	--	--	(370.595)	1.916.220	(15.241)	2.946.060
	4.464.641	**1.267**	**(298.947)**	**(370.595)**	**1.916.220**	**(3.849)**	**5.708.737**
Accumulated depreciation (-)							
Buildings	--	--	--	--	--	--	--
Georgia Batumi Sheraton Hotel	--	--	--	--	--	--	--
	--	**--**	**--**	**--**	**--**	**--**	**--**
Net Book Value	**4.464.641**						**5.708.737**

(*) 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.

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19. Intangible Assets

As of 31 December 2023 and 31 December 2022, details of intangible assets are as follows:

	31.12.2021	Additions	Foreign currency translation differences	Disposals	Exclusion from consolidation	31.12.2022	Additions	Foreign currency translation differences	NYÖ share change	31.12.2023
Cost										
Rights	14.908	2.920	(1.476)	(213)	(3.702)	12.437	947	326	2	13.712
Other intangible assets	606	--	--	(237)	--	369	--	--	--	369
	15.514	**2.920**	**(1.476)**	**(450)**	**(3.702)**	**12.806**	**947**	**326**	**2**	**14.081**
Accumulated amortization (-)										
Rights	12.068	1.679	(1.354)	(213)	(2.596)	9.584	1.544	739	2	11.869
Other intangible assets	606	--	--	(237)	--	369	--	--	--	369
	12.674	**1.679**	**(1.354)**	**(450)**	**(2.596)**	**9.953**	**1.544**	**739**	**2**	**12.238**
Net Book Value	**2.840**					**2.853**				**1.843**

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20. Provisions, Contingent Assets and Liabilities

	31.12.2023	31.12.2022
Current provisions		
Provision for litigations	18.512	37.384
Other	--	5.111
	18.512	**42.495**

As of 31 December 2023 and 2022, the movement table of provision for lawsuits is as follows

	01.01-31.12.2023	01.01-31.12.2022
Opening balance	**37.384**	**39.259**
Additional provision made during the period (Note 25)	3.306	16.034
Companies excluded from consolidation	(71)	(1.877)
Provision that has no subject (-) (Note 25)	(7.411)	(672)
Monetary Gain / Loss	(14.696)	(15.360)
Closing balance	**18.512**	**37.384**

As of 31 December 2023, 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 against pending lawsuits against the Group.

Letters of guarantee received by the Group are as follows:

	31.12.2023		31.12.2022	
Letters of guarantee received from customers	**Foreign Currency**	**TL Equivalent**	**Foreign Currency**	**TL Equivalent**
Letters of guarantee received				
-TL	358.233	358.233	94.831	94.831
-USD	3.287	96.763	12.059	225.482
-EUR	2.407	78.405	3.032	60.438
Cheques and notes received				
-TL	1.310	1.310	--	--
-USD	133	3.915	--	--
Total		**538.626**		**380.751**

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20. Provisions, Contingent Assets and Liabilities (Continued)

Collaterals, pledges and mortgages CPM given by the Group As of 31 December 2023 and 31 December 2022 are as follows:

		31.12.2023	31.12.2022
A	CPM's given in the name of own legal personality	12.213.078	16.929.300
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	--	--
		12.213.078	**16.929.300**

As of 31 December 2023 and 31 December 2022, details of the CPM's given in the name of own legal personality are as follows:

	Foreign Currency Amount					31.12.2023
	TL	**USD**	**EUR**	**DZD**	**AED**	**TL Equivalent**
Letters of guarantee	2.553.914	26.624	68.634	953.131	110.343	6.501.176
Suretyship	10.132	17.174	3.568	--	--	631.928
Mortgage	1.357.200	56.750	63.000	--	--	5.079.974
	3.921.246	**100.548**	**135.202**	**953.131**	**110.343**	**12.213.078**

	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**

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21. Employee Benefits

a) *Current liabilities for employee benefits*

	31.12.2023	31.12.2022
Due to personnel	47.676	75.815
Social security premiums payable	26.912	17.718
	74.588	**93.533**

b) *Provision for employee benefits*

	31.12.2023	31.12.2022
Current provisions	57.349	61.093
Non-current provisions	132.171	165.831
	189.520	**226.924**

b.1) *Current provisions*

	31.12.2023	31.12.2022
Unused vacation provision	57.349	61.093
	57.349	**61.093**

b.2) *Non-current provisions*

	31.12.2023	31.12.2022
Provision for employee termination benefits	132.171	165.831
	132.171	**165.831**

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 35.058,58 for each period of service at 31 December 2023 (31 December 2022: TL 19.982,83).

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.

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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:

	31.12.2023	31.12.2022
Discount rate	25,05%	22,20%
Annual inflation rate	21,41%	19,90%

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

	01.01 – 31.12.2023	01.01 – 31.12.2022
1 January	**165.831**	**27.507**
Current year equivalent	5.175	6.538
Actuarial Loss / Gain	5.863	13.088
Interest cost (Note 25)	3.593	3.355
Termination benefits paid	(29.443)	(15.014)
Companies excluded from consolidation	--	(1.366)
Monetary Gain / Loss	(67.240)	88.093
Currency translation differences	48.392	43.630
Closing balance 31 December	**132.171**	**165.831**

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 2023, the total amount of short-term salaries, bonuses and other similar benefits provided to the Group's top executives is TL 30.624 thousand (31 December 2022: TL 19.611 thousand).

22. Other Assets and Liabilities

	31.12.2023	31.12.2022
Other current assets		
VAT carried forward	215.462	36.341
VAT receivables	126.974	117.663
Advances given for business purposes		
- Nurol İnşaat ve Ticaret A.Ş.	3.574	5.464
- Gülsan Nurol Joint Venture	19	9.232
Advances given to subcontractors		
- Nurol İnşaat ve Ticaret A.Ş.	270.322	170.949
- Nurol Gülermak Makyol Joint Venture	213.607	95.264
- Nurol LLC	55.653	87.422
- Nurol Algeria Branch	13.975	14.304
- Nurol Romania Branch	1.691	3.335
- Gülsan Nurol Joint Venture	601	4.119
- Nurol YDA Özka Joint Venture	--	753
Other	51	351
	901.929	**545.197**

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22. Other Assets and Liabilities (Continued)

	31.12.2023	31.12.2022
Other current liabilities		
Taxes and funds payable		
- Nurol İnşaat ve Ticaret A.Ş.	58.298	52.080
- Nurol Algeria Branch	311.450	106.008
- Nurol Georgia	11.172	6.939
- Nurol Gülermak Makyol Joint Venture	6.008	8.069
- Nurol YDA Özka Joint Venture	6.471	13.600
- Nurol Romania Branch	3.046	--
- Gülsan Nurol Joint Venture	1.403	1.331
- Nurol Mesa Joint Venture	1.240	977
- Nurol Gülermak Joint Venture	--	430
Other	26	19
	399.114	**189.453**

	31.12.2023	31.12.2022
Other non-current liabilities		
- Nurol Algeria Branch	70	4.202
	70	**4.202**

23. Equity

a) *Share Capital*

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

	31.12.2023	Share (%)	31.12.2022	Share (%)
Nurol Holding A.Ş.	899.533	99,95	899.533	99,95
Nurettin Çarmıklı	137	0,02	137	0,02
Mehmet Oğuz Çarmıklı	137	0,02	137	0,02
Aynur Türkan Çarmıklı	28	0,00	28	0,00
Figen Çarmıklı	137	0,02	137	0
Müjgan Sevgi Kayaalp	28	0,00	28	0,00
	900.000	**100**	**900.000**	**100**
Inflation Adjustment	3.009.693		3.009.693	
	3.909.693	**100**	**3.909.693**	**100**

The Company's capital consists of 900.000 thousand shares, each with a nominal value of TL 1 (one Turkish Lira) (31 December 2022: 900.000) thousand shares, each with a nominal value of TL 1 (one Turkish Lira).

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23. Equity (Continued)

b) Other equity items

Other Comprehensive Income not to be Reclassified to Profit or Loss

	31.12.2023	31.12.2022
Defined benefit plans remeasurement gains/ losses	(15.331)	(10.641)
	(15.331)	**(10.641)**

Other Comprehensive Income to be Reclassified to Profit or Loss

	31.12.2023	31.12.2022
Foreign currency translation	(1.469.270)	(892.761)
Revaluation of financial assets available for sale	(141.456)	53.431
	(1.610.726)	**(839.330)**

Restricted reserves separated from profit

	31.12.2023	31.12.2022
Legal reserves	409.509	409.509
	409.509	**409.509**

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.

Inflation adjustment to shareholders' equity can only be netted-off against prior years' losses and used as an internal source in capital increase where extraordinary reserves can be netted-off against prior years' loss and used in the distribution of bonus shares and dividends to shareholders. Inflation adjustment to shareholders' equity, in the case of cash used for profit distribution, will be subject to corporate income tax.

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24. Revenue and Cost of Sales

	01.01. - 31.12.2023	01.01. - 31.12.2022
Domestic sales	6.423.815	6.302.100
Foreign sales	8.060.229	8.536.797
Sales return (-)	(1.344)	(1.753)
Revenue	**14.482.700**	**14.837.144**
Cost of sales (-)	**(11.559.213)**	**(12.098.365)**
Gross profit	**2.923.487**	**2.738.779**

The detail of revenue is summarized as follows:

	01.01. - 31.12.2023	01.01. - 31.12.2022
Domestic sales		
- Nurol İnşaat ve Ticaret A.Ş. (Domestic)	4.701.282	4.655.876
- Nurol Gülermak Makyol Joint Venture	1.043.169	756.011
- Gülsan Nurol Joint Venture	277.811	516.434
- Nurol Yüksel YDA Özka Joint Venture	401.553	307.287
- Nurol Gülermak Joint Venture	--	66.492
Foreign sales		
- Nurol İnşaat ve Ticaret A.Ş. (Overseas)	2.818.045	2.966.224
- Nurol LLC	2.698.564	2.413.302
- Nurol Romania Branch	1.602.746	1.988.496
- Nurol Algeria Branch	607.502	842.047
- Nurol Georgia Branch	333.372	326.728
	14.484.044	14.838.897
Sales return (-)	(1.344)	(1.753)
	14.482.700	**14.837.144**

25. Other Income and Expenses from Operating Activities

Other income from operating activities	01.01. - 31.12.2023	01.01. - 31.12.2022
Nurol LLC insurance income	26.571	12.066
Rediscount interest income	14.830	7.293
Litigation provisions released (Note 20)	7.411	672
Incentive income	5.842	--
Income from sales of scrap and raw materials	4.105	7.937
Unpaid suspect provision (Note 6 and 9)	1.338	2.066
Insurance claims	92	3.674
Other	6.068	2.051
	66.257	**35.759**

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

Other expense from operating activities	**01.01. - 31.12.2023**	**01.01. - 31.12.2022**
Revaluation of receivables under Law No. 7440	(126.422)	(1.817)
Revaluation of Temporary Article 31 of the Turkish Tax Procedure Law	(52.972)	--
Rediscount expense	(40.548)	(2.466)
Doubtful debt provision expenses (Not 6, 9)	(15.462)	(15.011)
Retirement pay provision interest expense (Not 21)	(3.593)	(3.355)
Law configuration expense (Not 20)	(3.306)	(16.034)
Scrap, raw material and material sales losses	(2.144)	(6.101)
Donation and grants	(1.646)	(864)
Algeria Branch tax configuration	--	(231.735)
Commission expenses	--	(30)
Other	(14.685)	(6.352)
	(260.778)	**(283.765)**

26. Income and Expenses from Investing Activities

Income from investing activities	**01.01. - 31.12.2023**	**01.01. - 31.12.2022**
Value increases of investment properties	5.057.942	1.916.220
Rent income	18.000	18.014
Profit from sale of property, plant and equipment	16.676	11.377
Dividend income (*)	1.941	118.135
Profit on sales of investments / subsidiaries	--	1.379.738
	5.094.559	**3.443.484**

(*) Dividend income of TL 1.941 thousand is comprised from Nurol Sigorta Aracılık Hizmetleri A.Ş.

Expenses from investing activities	**01.01. - 31.12.2023**	**01.01. - 31.12.2022**
Loss from sale of property, plant and equipment	(1.796)	(82.868)
	(1.796)	**(82.868)**

27. Financial Income and Expenses

Financial income	**01.01. - 31.12.2023**	**01.01. - 31.12.2022**
Foreign exchange income	4.123.938	1.031.872
Interest income	190.383	115.594
Profit of increase in value of marketable securities	1.084	1.283
Currency protected deposit income	--	11.387
	4.315.405	**1.160.136**

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27. Financial Income and Expenses (Continued)

Financial expenses	**01.01. - 31.12.2023**	**01.01. - 31.12.2022**
Foreign exchange expenses	(9.173.150)	(6.449.195)
Interest expenses	(2.292.692)	(3.235.634)
Bond issuance interest expenses	(823.031)	(894.169)
Bank commission expenses	(201.794)	(307.415)
Letters of guarantee expenses	(25.574)	(15.474)
Decrease of in value of marketable securities	(1.022)	--
	(12.517.263)	**(10.901.887)**

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

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

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

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

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

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

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

There is no practice in Turkey to reach an agreement with the tax authority regarding the taxes to be paid. Corporate tax returns are submitted to the relevant tax office until the evening of the 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 25% for the corporate earnings for the 2023 taxation period.

For the accounting periods ending on 31 December 2023 and 2022 the details of tax provision in the statements of income are as follows

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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 subject to 9% corporate tax in the U.A.E as of 1 January 2024.

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. The VAT rate is 19%.

As of the 31 December 2023 and 2022 balance sheet date, the tax liability details are as follows:

	01.01. - 31.12.2023	**01.01. - 31.12.2022**
Provision for corporate tax for current period	(78.353)	--
Deferred tax income / (expense)	(562.326)	(377.911)
	(640.679)	**(377.911)**

The tax provision in the balance sheet for the accounting periods ended as of 31 December 2023 and 2022 is as follows;

Current	**31.12.2023**	**31.12.2022**
Provision for corporate tax for current period	78.353	--
Prepaid taxes (-) (*)	(76.808)	(248.161)
	1.545	**(248.161)**

(*) According to Turkish Tax Laws companies must make advance payments of corporation tax. Prepaid taxes are computed on the quarterly taxable profits reported at the rate of 25% (2022: 23%). This prepaid corporation tax can be recovered by deduction from future corporation tax liabilities. Recovery by deduction from other taxes is also possible.

Non-current	**31.12.2023**	**31.12.2022**
Prepaid taxes (-) (**)	(250.678)	(142.739)
	(250.678)	**(142.739)**

(**) 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.

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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:

Deferred tax assets / (liabilities)	**31.12.2023**	**31.12.2022**
Ongoing constructions	1.395.481	375.069
Litigation provision	4.639	8.598
Provisions for employee benefits	1.582	6.210
Provision for doubtful receivables	4.611	4.999
Valuation of goodwill	(18.618)	(17.047)
Adjustments related to tangible and intangible fixed assets	1.184.259	(47.334)
Unused vacation provision	4.347	2.272
Written off assets	166.428	5.991
Unaccrued finance expenses, (net)	6.162	397
Other doubtful receivables	--	603
Accrued interest on loans	--	343
Provision for inventories	6.267	22.427
Valuation of investment properties	(1.533.027)	(530.508)
Valuation of financial investments	(50.865)	(46.952)
Unaccrued finance expenses, (net)	(4.666)	(1.724)
Ongoing constructions	(53.351)	(26.743)
Other, (net)	37	3.649
	1.113.286	**(239.750)**

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

Deferred tax (continued)

Deferred tax assets / (liabilities))	**31.12.2023**	**31.12.2022**
Deferred tax assets	2.963.400	460.850
Deferred tax liabilities (-)	(1.850.114)	(700.600)
Deferred tax assets / (liabilities), net	**1.113.286**	**(239.750)**

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

	01.01. - 31.12.2023	**01.01. - 31.12.2022**
Opening balance, 1 January	(239.750)	324.939
Period deferred tax income (expense)	562.326	377.911
Tax attribute to Monetary Loss / Gain	789.537	(945.047)
Deferred tax attributable to equity	1.173	2.447
Deferred tax assets / (liabilities), net	**1.113.286**	**(239.750)**

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. - 31.12.2023	**01.01. - 31.12.2022**
Profit for the period	6.325.043	8.695.418
Weighted average number of shares with nominal value	900.000	448.997
Earnings per share	**7,028**	**19,366**

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 2023 and 2022, 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.

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

a) Capital Management Policies and Procedures (Continued)

	01.01. - 31.12.2023	**01.01. - 31.12.2022**
Total financial liabilities	16.541.993	18.629.934
Less: cash and cash equivalents	(1.013.106)	(1.944.042)
Net financial debt	**15.528.887**	**16.685.892**
Total equity	23.966.938	18.412.356
Total financing used	**39.495.825**	**35.098.248**
Net financial debt / Total financial used	**%39**	**%48**

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.

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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 2023)	**Related Party**	**Third Party**	**Related Party**	**Third Party**	**Bank Deposits**	**Other**
Maximum credit risk exposures as of report date						
(A+B+C+D)	*3.136*	*2.841.356*	*184.511*	*828.049*	*1.002.675*	--
- Secured part of maximum credit risk exposure via collateral etc.	--	--	--	--	--	--
A. Net book value of the financial assets that are neither overdue nor impaired	3.136	2.841.356	184.511	828.049	1.002.675	--
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)	--	30.645	--	1.586	--	--
- Impairment (-)	--	(30.645)	--	(1.586)	--	--
- 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	--	--	--	--	--	--

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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		Other Trade Receivables			
Current period (31 December 2023)	**Related Party**	**Third Party**	**Related Party**	**Third Party**	**Bank Deposits**	**Other**
Maximum credit risk exposures as of report date						
(A+B+C+D)	*11.736*	*2.429.315*	*160.149*	*600.075*	*1.933.806*	--
-Secured part of maximum credit risk exposure via collateral etc.	--	--	--	--	--	--
A. Net book value of the financial assets that are neither overdue nor impaired	11.736	2.429.315	160.149	600.075	1.933.806	--
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)	--	27.211	--	2.625	--	--
- Impairment (-)	--	(27.211)	--	(2.625)	--	--
- 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	--	--	--	--	--	--

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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 2023	**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	14.033.410	14.033.410	369.209	1.107.625	12.556.576	--
Issues of debt securities	2.500.000	2.500.000	--	--	2.500.000	--
Finance lease obligations	8.583	8.583	1.220	3.659	3.704	--
Trade payables	6.530.099	6.530.099	--	3.076.747	3.453.352	--
Other debts	1.266.053	1.266.053	--	85.666	1.180.387	--
Total Liability	**24.338.145**	**24.338.145**	**370.429**	**4.273.697**	**19.694.019**	**--**

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	14.955.601	14.955.601	254.834	764.501	13.936.266	--
Issues of debt securities	3.460.232	3.460.232	--	--	3.460.232	--
Finance lease obligations	214.101	214.101	49.990	149.969	14.142	--
Trade payables	8.133.893	8.133.893	--	4.809.483	3.324.410	--
Other debts	113.800	113.800	--	74.658	39.142	--
Total Liability	**26.877.627**	**26.877.627**	**304.824**	**5.798.611**	**20.774.192**	**--**

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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.

	31.12.2023	**31.12.2022**
Foreign currency assets	4.609.143	4.910.525
Foreign currency liabilities (-)	(16.762.109)	(16.537.803)
Net foreign currency position	**(12.152.966)**	**(11.627.278)**

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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)

31.12.2023	USD	EUR	RUB	DZD	AED	GEL	PLN	RON	TL Equivalent
1. Trade receivables	--	9	--	7.998.506	55.025	776	--	13.926	2.294.838
2a. Monetary financial assets, (cash	3.211	4.901	187	228.732	33.763	4.079	2	5.233	652.316
2b. Non-monetary financial assets	--	--	--	--	--	--	--	--	--
3. Other	267	103	--	13.171	206.156	--	--	619	1.661.284
4. Current assets (1+2+3)	3.478	5.013	187	8.240.409	294.944	4.855	2	19.778	4.608.438
5. Trade receivables	--	--	--	--	--	--	--	--	--
6a. Monetary financial assets	--	--	--	--	--	--	--	--	--
6b. Non-monetary financial assets	--	--	--	--	--	--	--	--	--
7. Other	--	--	--	3.209	--	--	--	--	705
8. Non-current assets (5+6+7)	--	--	--	3.209	--	--	--	--	705
9. Total assets (4+8)	3.478	5.013	187	8.243.618	294.944	4.855	2	19.778	4.609.143
10. Trade payables	1.475	3.599	--	2.231.007	157.777	2.008	--	15.466	2.030.933
11. Financial liabilities	648	--	--		48.256	--	--	--	403.696
12a. Other monetary liabilities	--	--	--	289.945	--	--	--	--	63.684
12b. Other non-monetary liabilities	--	--	--	--	--	--	--	--	--
13. Current liabilities (10+11+12)	2.123	3.599	--	2.520.952	206.033	2.008	--	15.466	2.498.313
14. Trade payables	88.761	25.800	--	--	--	--	--	--	3.453.371
15. Financial liabilities	173.617	142.095	--	--	89.280	30.125	--	--	10.781.375
16a. Other monetary liabilities	980	4	--	--	--	--	--	--	28.979
16b. Other non-monetary liabilities	--	--	--	321	--	--	--	--	71
17. Non-current liabilities (14+15+16)	263.358	167.899	--	321	89.280	30.125	--	--	14.263.796
18. Total liabilities (13+17)	265.481	171.498	--	2.521.273	295.313	32.133		15.466	16.762.109
19. Net foreign assets / (liability) position (9-18+19)	(262.003)	(166.485)	187	5.722.345	(369)	(27.278)	2	4.312	(12.152.966)
19. Net foreign currency asset / (liability) position (=1+2a+5+6a-10-11-12a-14-15-16a)	(262.270)	(166.588)	187	5.706.286	(206.525)	(27.278)	2	3.693	(13.814.884)

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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	USD	EUR	RUB	DZD	AED	GEL	PLN	RON	TL Equivalent
1. Trade receivables	5.391	475	--	10.308.993	71.988	1.167	--	39.137	2.045.862
2a. Monetary financial assets, (cash	6.757	8.120	458	37.899	165.615	8.385	3	17.019	1.258.265
2b. Non-monetary financial assets	653	13	--	104.866	109.530	5	--	72.034	869.900
3. Other	--	--	--	400.533	115.680	456	--	33	643.595
4. Current assets (1+2+3)	12.801	8.608	458	10.852.292	462.813	10.013	3	128.223	4.817.619
5. Trade receivables	626	--	--	--	--	--	--	--	11.707
6a. Monetary financial assets	--	--	--	--	--	--	--	--	--
6b. Non-monetary financial assets	--	--	--	5.288	--	--	--	--	722
7. Other	86	--	--	--	--	11.358	--	--	80.475
8. Non-current assets (5+6+7)	712	--	--	5.288	--	11.358	--	--	92.906
9. Total assets (4+8)	13.513	8.608	458	10.857.580	462.813	21.371	3	128.223	4.910.525
10. Trade payables	880	2.981	--	17.039.009	284.019	1.542	--	53.021	4.061.191
11. Financial liabilities	16.517	136.508	--	--	79.272	--	--	--	3.431.437
12a. Other monetary liabilities	--	--	--	154.827	--	181	--	3.164	35.054
12b. Other non-monetary liabilities	2.516	583	--	531.912	--	--	--	--	131.232
13. Current liabilities (10+11+12)	19.913	140.072	--	17.725.748	363.291	1.724	--	56.184	7.658.912
14. Trade payables	--	166.763	--	--	--	--	--	--	3.324.411
15. Financial liabilities	41.193	171.364	--	--	141.973	49.298	--	--	5.247.482
16a. Other monetary liabilities	--	--	--	--	--	--	--	--	--
16b. Other non-monetary liabilities	--	--	--	30.808	--	37.974	--	9.758	306.998
17. Non-current liabilities (14+15+16)	41.193	338.127	--	30.808	141.973	87.272	--	9.758	8.878.891
18. Total liabilities (13+17)	61.106	478.199	--	17.756.556	505.265	88.996	--	65.942	16.537.803
19. Net foreign assets / (liability) position (9-18+19)	(47.593)	(469.591)	458	(6.898.976)	(42.452)	(67.624)	3	62.281	(11.627.278)
19. Net foreign currency asset / (liability) position (=1+2a+5+6a-10-11-12a-14-15-16a)	(45.815)	(469.021)	458	(6.846.944)	(267.662)	(41.470)	3	(28)	(12.783.726)

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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 2023**	**31 December 2022**
Fixed Rate Financial Instruments			
Financial Assets	*Time deposits*	227.155	314.720
	Financial assets available for sale	149.864	358.331
Financial Liabilities		8.583	214.101
Variable Rate Financial Instruments			
Financial Assets		--	2.257
Financial Liabilities		16.308.274	18.247.212

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

Fair values

31 December 2023	Financial assets/liabilities at amortized cost	Fair Value	Book Value
Financial assets			
Cash and cash equivalents	1.013.106	1.013.106	1.013.106
Trade receivables	2.844.310	2.844.310	2.844.310
Trade receivables from related parties	3.136	3.136	3.136
Other financial assets	149.864	149.864	149.864
Financial liabilities			
Financial liabilities	16.541.993	16.541.993	16.541.993
Trade payables	6.105.883	6.105.883	6.105.883
Trade payables to related parties	424.216	424.216	424.216

31 December 2022	Financial assets/liabilities at amortized cost	Fair Value	Book Value
Financial assets			
Cash and cash equivalents	1.944.042	1.944.042	1.944.042
Trade receivables	2.432.444	2.432.444	2.432.444
Trade receivables from related parties	11.736	11.736	11.736
Other financial assets	360.588	360.588	360.588
Financial liabilities			
Financial payables	18.629.934	18.629.934	18.629.934
Trade payables	8.053.216	8.053.216	8.053.216
Trade payables to related parties	80.677	80.677	80.677

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.

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33. Consolidated Financial Statements Ratios

CURRENT RATIO

I - $\dfrac{\text{Current Assets}}{\text{Short Term Liabilities}}$ TL

2021 Current Ratio	=	14.891.120 / 6.605.039	=	2,25
2022 Current Ratio	=	10.353.453 / 7.087.490	=	1,46
2023 Current Ratio	=	8.006.123 / 5.884.738	=	1,36
Average of Current Ratio for Three Years	=	a+b+c / d+e+f	=	1,70

EQUITY RATIO

II - $\dfrac{\text{Shareholder's Equity}}{\text{Total Assets}}$ TL

2021 Shareholder's Equity Ratio	=	18.947.771 / 53.658.445	=	0,35
2022 Shareholder's Equity Ratio	=	18.412.356 / 47.689.489	=	0,39
2023 Shareholder's Equity Ratio	=	23.966.938 / 51.947.912	=	0,46
Average of Shareholder's Equity Ratio for Three Years	=	a+b+c / d+e+f	=	0,40

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33. Consolidated Financial Statements Ratios (Continued)

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

2021	=	1.530.205 / 18.947.771	=	0,08
2022	=	1.219.294 / 18.412.356	=	0,07
2023	=	1.481.713 / 23.966.938	=	0,06
Average for Three Years	=	a+b+c / d+e+f	=	0,07